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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 17, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATING:

S&P Insured Series 2020 Bonds only (as defined herein): “AA”
(See “CONCLUDING INFORMATION – Rating; No Underlying Rating” herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020 Bonds. See “CONCLUDING INFORMATION – Tax Exemption” herein.

STATE OF CALIFORNIA

COUNTY OF ORANGE



\$100,200,000*
IRVINE UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 09-1
SPECIAL TAX BONDS, SERIES 2020 A

Dated: Date of Delivery

Due: As shown on the inside cover page

The Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2020 A (the “Series 2020 Bonds”), are being issued by the Irvine Unified School District Community Facilities District No. 09-1 (the “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”) and an Indenture, dated as of March 1, 2012 (the “Original Indenture”), as amended and supplemented including by that Seventh Supplemental Indenture, dated as of May 1, 2020 (the “Indenture”), each by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and will be secured as described herein. Additional Fixed Rate Bonds and Additional Adjustable Rate Bonds (collectively, “Additional Bonds”) may be issued by the Community Facilities District. ***As a practical matter, the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds. Additional Fixed Rate Bonds may be issued by the Community Facilities District payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.*** The Community Facilities District’s Outstanding Fixed Rate Bonds, together with the Series 2020 Bonds and any Additional Bonds are collectively referred to herein as the “Bonds.” See “SECURITY FOR THE SERIES 2020 BONDS” herein.

The Series 2020 Bonds are being issued to (i) purchase and amend the Community Facilities District’s outstanding Adjustable Rate Bonds to Fixed Rate Bonds (each as defined herein), (ii) purchase a policy to satisfy the fixed rate reserve requirement for the Series 2020 Bonds, and (iii) pay the costs of issuing the Series 2020 Bonds. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

Interest on the Series 2020 Bonds will be payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2020.

The Series 2020 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their interest in the Series 2020 Bonds. Individual purchases will be in principal amounts of \$5,000 or any integral multiple thereof. Payments of principal of, premium, if any, and interest on the Series 2020 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2020 Bonds. See “THE SERIES 2020 BONDS – Book-Entry Only System” and APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2020 Bonds are subject to optional and mandatory redemption, mandatory redemption from Special Tax Prepayments, and mandatory redemption from Installment Payment Prepayments prior to maturity as described herein. See “THE SERIES 2020 BONDS – Redemption of the Series 2020 Bonds” herein.

The scheduled payment of principal of and interest as and when due on those maturities of the Series 2020 Bonds indicated as being insured bonds on the inside cover page, and only those maturities, will be guaranteed under a municipal bond insurance policy to be issued by Build America Mutual Assurance Company concurrently with the delivery of the Series 2020 Bonds.



THE SERIES 2020 BONDS ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT, PAYABLE, AS PROVIDED IN THE INDENTURE, SOLELY FROM NET TAX ROLL REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR THEREUNDER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), CFD NO. 08-1 (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INSTALLMENT PURCHASE AGREEMENT), THE IRVINE UNIFIED SCHOOL DISTRICT OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2020 BONDS.

MATURITY SCHEDULE
See Inside Cover Page

Investment in the Series 2020 Bonds involves risks which may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2020 Bonds. This cover page contains information for quick reference only. It is not a complete summary of the Series 2020 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2020 Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Community Facilities District, and the satisfaction of certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California and for the Community Facilities District by its counsel, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation. It is anticipated that the Series 2020 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about May __, 2020.

STIFEL

Dated: _____, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE*

IRVINE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 09-1 SPECIAL TAX BONDS, SERIES 2020 A

\$_____ Serial Bonds
CUSIP Prefix No.† 463612

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
\$_____ % Term Series 2020 A Bond due September 1, 20__ – Yield ____% – CUSIP No.† ____				
\$_____ % Term Series 2020 A Bond due September 1, 20__ – Yield ____% – CUSIP No.† ____				
\$_____ % Term Series 2020 A Bond due September 1, 2054 – Yield ____% – CUSIP No.† ____				

* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Community Facilities District or the Underwriter to give any information or to make any representations with respect to the Community Facilities District or the Series 2020 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Community Facilities District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2020 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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

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

All summaries of the Indenture or other documents are made subject to the complete provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Community Facilities District for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Series 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains forward-looking statements within the meaning of the Federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions, projections and general economic conditions. Such words as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements and include, but are not limited to, statements under the captions "SECURITY FOR THE SERIES 2020 BONDS," "THE COMMUNITY FACILITIES DISTRICT" and "SPECIAL TAXES AND TAX ROLL REVENUES" and elsewhere in this Official Statement. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Community Facilities District's forecasts in any way, regardless of the level of optimism communicated in the information. The Community Facilities District assumes no obligation to provide public updates of forward-looking statements.

The School District maintains a website and certain social media accounts for various purposes. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2020 Bonds.

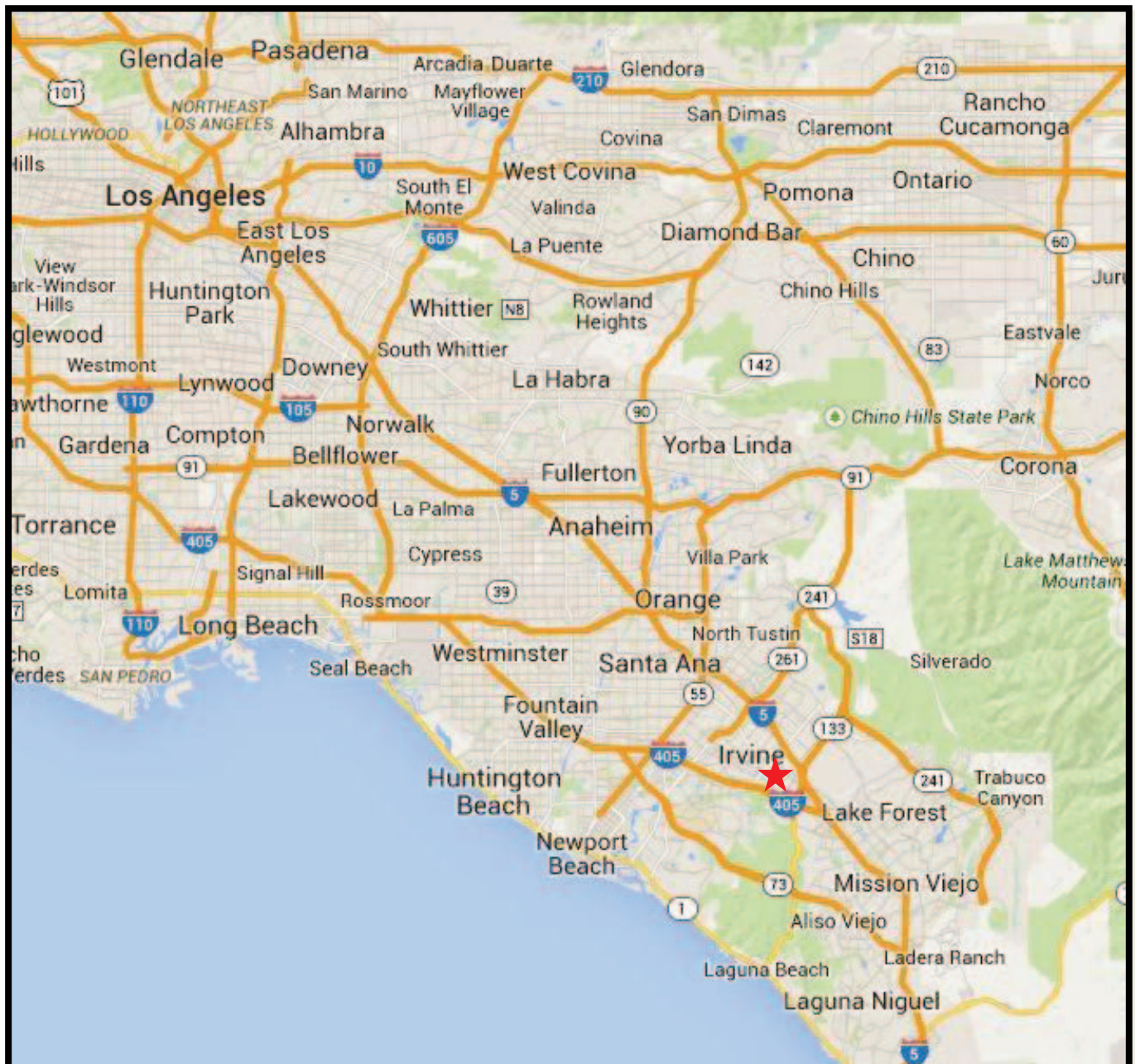
In connection with the offering of the Series 2020 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2020 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Insured Series 2020 Bonds (as defined herein) or the advisability of investing in the Insured Series 2020 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "BOND INSURANCE FOR INSURED SERIES 2020 BONDS" and APPENDIX I – "FORM OF MUNICIPAL BOND INSURANCE POLICY."



Irvine Unified School District

Irvine, California
Regional Location Map



IRVINE UNIFIED SCHOOL DISTRICT

Board of Education

Betty Carroll, *President*

Paul Bokota, *Clerk*

Lauren Brooks, *Member*

Ira Glasky, *Member*

Sharon Wallin, *Member*

Administration

Terry L. Walker, *Superintendent*

John Fogarty, *Assistant Superintendent, Business Services/Chief Financial Officer*

SPECIAL SERVICES

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Los Angeles, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Community Facilities District Administrator

Scott Associates
Riverside, California

Trustee

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

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OFFICIAL STATEMENT

\$100,200,000*

IRVINE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 09-1 SPECIAL TAX BONDS, SERIES 2020 A

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices, is to provide certain information in connection with the issuance and sale by the Irvine Unified School District Community Facilities District No. 09-1 (the “Community Facilities District”) of its Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2020 A (the “Series 2020 Bonds”), being issued in the aggregate principal amount of \$100,200,000*. The Series 2020 Bonds are being issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”) and an Indenture, dated as of March 1, 2012, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2014, the Second Supplemental Indenture, dated as of October 1, 2014, the Third Supplemental Indenture, dated as of March 1, 2016, the Fourth Supplemental Indenture, dated as of June 1, 2017, the Fifth Supplemental Indenture, dated as of June 1, 2018, the Sixth Supplemental Indenture, dated as of September 1, 2019, and the Seventh Supplemental Indenture, dated as of May 1, 2020 (as amended and supplemented, the “Indenture”), each by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms not defined elsewhere in this Official Statement have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT.”

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 page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2020 Bonds to potential investors is made only by means of the entire Official Statement.

Background Regarding Community Facilities Districts formed by the School District

Since 1986, the Irvine Unified School District (the “School District”) has facilitated the mitigation of the effects of student population anticipated to be generated as a result of development of certain property within the boundaries of the School District through the formation of community facilities districts. The summary description below of the history preceding the levy of special taxes by the Community Facilities District is not intended to suggest that the Series 2020 Bonds are in any way secured by or payable from special taxes or other revenues attributable to CFD No. 86-1, CFD No. 06-1, CFD No. 07-1 (as defined below), the School District, or community facilities districts other than the Community Facilities District and CFD No. 08-1 (each as described and defined herein), in the Indenture and in the Installment Purchase Agreement (as defined below). Commencing with Fiscal Year 2020-21, no part of the Special Taxes or CFD No. 08-1 Special Tax will consist of installments paid from properties located in CFD No. 86-1.

Community Facilities District No. 86-1 of the Irvine Unified School District (“CFD No. 86-1”), formed in 1986, is one of the first community facilities districts established within or by the School

* Preliminary, subject to change.

District and its ability to levy special taxes ends in Fiscal Year 2019-20. CFD No. 86-1 was formed with a bond authorization of \$150,000,000 which, along with State funding, was expected to pay for land and school facilities for the students that would come from the 16,159 dwelling units then expected to be built within the boundaries of CFD No. 86-1. The boundaries of CFD No. 86-1 include over 13,000 acres of land within the School District, north of the 405 Freeway that was initially undeveloped and owned by The Irvine Company in 1986.

In 2006, Community Facilities District No. 06-1 of the Irvine Unified School District (“CFD No. 06-1”) was formed when development was being planned in Planning Area 6, referred to as Portola Springs and the eastern portion of Planning Area 9, referred to as Woodbury.[†] In 2007, CFD No. 06-1 issued its Special Tax Notes to purchase the then projected Portola Springs Elementary School site. Two apartment developments were constructed and model homes were opened. Special Taxes were being levied on the developed property at the maximum special tax within CFD No. 06-1.

In 2007, Community Facilities District No. 07-1 of the Irvine Unified School District (“CFD No. 07-1”) was formed in the northern portion of Planning Area 9, referred to as Stonegate. CFD No. 07-1 Special Tax Notes were issued to purchase the land for the then projected Stonegate Elementary School. By fall of 2007, two apartment communities, known as Mirasol and Palmeras, were under construction, but no other development had occurred in Stonegate.

In 2009, the School District updated its plan for school facilities needed to mitigate the school facilities impacts of the development occurring and anticipated to occur within the boundaries of the School District and developed a plan to restructure debt associated with CFD No. 06-1 and CFD No. 07-1. In July 2009, the School District formed the Community Facilities District in connection with implementation of the updated plan for school facilities and the plan to restructure debt. An original intent of the Community Facilities District was to provide funding for the remaining school facilities that could not be funded by CFD No. 86-1, and to have the aggregate sum of the various special taxes a dwelling unit might be subject to be substantially equal for each dwelling unit without regard to density or size of the home or apartment unit.

While the negotiations continued during 2008 and construction was being completed on the Mirasol and Palmeras Apartments in CFD No. 07-1, Irvine Unified School District Community Facilities District No. 08-1 (Stonegate Apartments) (“CFD No. 08-1”) was formed to provide for a special tax to be levied when and only if CFD No. 07-1 was dissolved. The CFD No. 08-1 special tax could be used to pay for the “additional facilities” or any debt issued to pay for the “additional facilities” required to be provided by the Community Facilities District. The Mirasol and Palmeras Apartments continued to pay the CFD No. 07-1 special tax through the 2010-11 tax year, when CFD No. 07-1 was dissolved. The CFD No. 08-1 Special Tax was levied beginning with the 2011-12 tax year.

In 2010, the Community Facilities District issued Special Tax Notes to prepay the obligation to pay the special taxes of CFD No. 06-1 within the area of the Community Facilities District and the lien of CFD No. 06-1 on parcels within the Community Facilities District was released. In 2011, certain other amounts available to the School District were applied to the redemption of the CFD No. 07-1 Special Tax Notes, and CFD No. 07-1 was dissolved.

In 2012, the Community Facilities District issued its initial Series of Adjustable Rate Bonds under the Indenture (see “Security for the Series 2020 Bonds” below) to repay its Special Tax Notes issued in 2010 and to finance school facilities. In 2014 and 2016, the Community Facilities District

[†] Planning areas, names and numbers are City of Irvine designations and are provided herein for convenience of reference regarding the general location of the various developments within the Community Facilities District and CFD No. 08-1. The Rate and Method and CFD No. 08-1 Rate and Method do not specify nor distinguish the levy of special taxes among planning areas.

issued additional Series of Adjustable Rate Bonds to finance school facilities. In connection with the 2012 issuance of Adjustable Rate Bonds, the Community Facilities District and CFD No. 08-1 entered into the Installment Purchase Agreement (as defined below), whereby, CFD No. 08-1 agreed to make Installment Payments (as defined below) to the Community Facilities District and the Community Facilities District assigned the Installment Payments to the Trustee under the Indenture.

In 2017, the Community Facilities District issued Fixed Rate Bonds including \$203,815,000 principal amount of Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds consisting of \$53,040,000 principal amount of Special Tax Bonds, Series 2017 A, \$43,010,000 principal amount of Special Tax Bonds, Series 2017 B, and \$33,325,000 principal amount of Special Tax Bonds, Series 2017 C in accordance with the Fourth Supplemental Indenture, dated as of June 1, 2017, in order to purchase and amend a portion of the Community Facilities District's outstanding Adjustable Rate Bonds to Fixed Rate Bonds. An additional \$74,440,000 principal amount of Special Tax Bonds, Series 2017 D were issued in accordance with the Fourth Supplemental Indenture, dated as of June 1, 2017, in order to pay a portion of the cost of facilities owned and operated by the School District. As used herein, the term "Series 2017 Bonds" means the above-referenced Special Tax Bonds, Series 2017 A, Special Tax Bonds, Series 2017 B, Special Tax Bonds, Series 2017 C, and Special Tax Bonds, Series 2017 D. The Series 2020 Bonds will be payable on a parity with Series 2017 Bonds, the Series 2018 Bonds and the Series 2019 Bonds (each defined below), and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

In 2018, the Community Facilities District issued Fixed Rate Bonds including \$38,465,000 principal amount of the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2018 A (the "Series 2018 Bonds") in accordance with the Fifth Supplemental Indenture, dated as of June 1, 2018, in order to purchase and amend a portion of the Community Facilities District's outstanding Adjustable Rate Bonds to Fixed Rate Bonds.

In 2019, the Community Facilities District issued Fixed Rate Bonds including \$86,845,000 principal amount of the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2019 A (the "Series 2019 Bonds") in accordance with the Sixth Supplemental Indenture, dated as of September 1, 2019, in order to purchase and amend a portion of the Community Facilities District's outstanding Adjustable Rate Bonds to Fixed Rate Bonds.

Like the Special Tax Bonds, Series 2017 A, the Special Tax Bonds, the Series 2017 B, Special Tax Bonds, Series 2017 C, the Series 2018 Bonds, and the Series 2019 Bonds, the Series 2020 Bonds will constitute an amendment of a specific Series of outstanding Adjustable Rate Bonds (the last currently outstanding Adjustable Rate Bonds) to Fixed Rate Bonds in accordance with the Indenture, the effective date of such amendment being date of delivery of the Series 2020 Bonds. The Series 2020 Bonds will be payable on a parity with the Series 2017 Bonds, the Series 2018 Bonds and the Series 2019 Bonds and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

As defined in the Indenture, the term "Fixed Rate Bonds" means (i) Bonds issued under and in accordance with the provisions of the Indenture as summarized herein in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT" under the captions "INDENTURE – Additional Bonds – Conditions for the Issuance of Additional Fixed Rate Bonds," "– Procedure for the Issuance of Fixed Rate Bonds" and "– Additional Adjustable Rate Bonds" and (ii) Amended Fixed Rate Bonds as authenticated and issued in accordance with the provisions of the Indenture as summarized in APPENDIX C – "SUMMARY OF CERTAIN

PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT” under the caption “INDENTURE – Additional Bonds – Amended Fixed Rate Bonds.”

The Series 2020 Bonds

The Series 2020 Bonds are authorized to be issued by the Community Facilities District under and subject to the terms of the Act and the Indenture. The Series 2020 Bonds are being issued to (i) purchase and amend all of the Outstanding Series 2014 B Bonds (as defined in this Official Statement), such Series being the entirety of Community Facilities District’s outstanding Adjustable Rate Bonds to Fixed Rate Bonds (each as defined herein), (ii) purchase a policy to satisfy the Reserve Requirement for the Series 2020 Bonds, and (iii) pay the costs of issuing the Series 2020 Bonds including, without limitation, the premium for the Policy (as defined herein) to be issued concurrently with the delivery of the Series 2020 Bonds. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

Security for the Series 2020 Bonds

The Series 2020 Bonds are special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Tax Roll Revenues and the other assets pledged therefor thereunder. “Net Tax Roll Revenues” is defined under the Indenture to mean Tax Roll Revenues, less amounts required to pay Fixed Rate Administrative Expenses. “Tax Roll Revenues” is defined under the Indenture to mean (a) the proceeds of the Special Taxes levied on Tax Roll Property received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of such Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon, and (b) the Installment Payments. “Installment Payments” is defined under the Indenture to mean the installment payments required to be made by CFD No. 08-1 to the Community Facilities District pursuant to the Installment Purchase Agreement, dated as of March 1, 2012 (the “Installment Purchase Agreement”), by and between CFD No. 08-1 and the Community Facilities District, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Installment Purchase Agreement provides for the payment of Installment Payments of \$500,000 annually through Fiscal Year 2019-20 (the final year for levy of the CFD No. 86-1 special tax) and approximately \$919,000 annually thereafter through September 1, 2038, with a final installment of \$21,208 due on January 15, 2039 (which final installment date is approximately 15 years prior to the final maturity date of the Series 2020 Bonds).

The Indenture provides for the issuance of Series of Fixed Rate Bonds and Adjustable Rate Bonds, each secured and payable as provided in the Indenture, the issuance of Additional Fixed Rate Bonds payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture, and the amendment of outstanding Adjustable Rate Bonds to Fixed Rate Bonds in accordance with the Indenture. See “SECURITY FOR THE SERIES 2020 BONDS – Additional Indebtedness” and “– Amendment of Adjustable Rate Bonds to Fixed Rate Bonds.”

The Bonds currently outstanding under the Indenture include one series of Adjustable Rate Bonds, the Series 2014 B Bonds in the aggregate principal amount of \$100,965,000 which will be amended to become Amended Fixed Rate Bonds and shall, from and after the date of delivery of the Series 2020 Bonds, be referred to herein as Series 2020 Bonds.

Until amended to become Amended Fixed Rate Bonds, the Series 2014 B Bonds are payable first from proceeds of draws made under the Letter of Credit securing the payment of such Series of Adjustable Rate Bonds pursuant to the Indenture and, second, from Net Adjustable Rate Revenues (which is defined collectively as remaining Net Tax Roll Revenues and Direct Bill Revenues, less amounts

required to pay Adjustable Rate Administrative Expenses). See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT.” The Series 2020 Bonds are the seventh Series of Fixed Rate Bonds to be issued under the Indenture.

The issue date and outstanding principal amount of the Adjustable Rate Bonds as of April 1, 2020 are set forth in the table below. The Series 2014 B Bonds are being amended to be the Series 2020 Bonds on the Closing Date (which is the effective date of the amendment of such Series 2014 B Bonds to the Series 2020 Bonds and, therefore, the Mandatory Purchase Date for such Bonds) as set forth in the table below:

Issue	Series 2014 B Bonds
Dated Date	10/30/2014
Final Maturity	9/1/2054
Original Principal Amount	\$100,965,000
Principal Outstanding	100,965,000
Amend to Fixed	100,965,000*
Current LOC Expiration Date and Bank	10/5/2020 Sumitomo Mitsui

The term “Adjustable Rate Bonds” as defined in the Indenture means: (i) the Community Facilities District’s Adjustable Rate Special Tax Bonds, Series 2014 B, issued under the Indenture in the original principal amount of \$100,965,000 (the “Series 2014 B Bonds”); and (ii) any Additional Adjustable Rate Bonds; provided, however, that from and after the date that any Adjustable Rate Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Adjustable Rate Bond shall no longer be an Adjustable Rate Bond.

As a practical matter, in connection with the amendment of the Outstanding Series 2014 B Bonds to be a Series of Fixed Rate Bonds to be designated the Series 2020 Bonds on the Closing Date (which is the effective date of the amendment of such Series 2014 B Bonds to be the Series 2020 Bonds), the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds because in connection with the amendment of the outstanding Series 2014 B Bonds to be Fixed Rate Bonds, the Board of Education has by resolution determined certain conditions to be satisfied in accordance with the Rate and Method, including that the School Facilities have been fully financed and that the Special Tax shall not be levied on Assessor’s Parcels of Final Map Property or Undeveloped Property. See “SECURITY FOR THE SERIES 2020 BONDS – General” and “– Rate and Method” herein. The Fixed Rate Bonds have not previously been paid from any levy on Assessor’s Parcels of Final Map Property or Undeveloped Property.

See “SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account” for a description of the flow of funds (i) based on amounts of Net Tax Roll Revenues received during September, October, November, December, January and February to accounts relating to Fixed Rate Bonds, for payment of the interest due on the Fixed Rate Bonds on the immediately succeeding March 1, and to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (A) half of the principal due on the immediately succeeding September 1 and (B) the principal due on the immediately succeeding March 1, and an amount as necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement prior to transfer of available amounts from such months to the Direct Bill Revenue Account be used to pay Adjustable Rate Administrative Expenses and debt service on the Adjustable Rate Bonds, if any, and (ii) based on amounts received during March, April, May, June, July and August for payment of the interest due on the Fixed Rate Bonds on the

* Preliminary, subject to change.

immediately succeeding September 1 and to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (A) half of the principal due on the immediately succeeding March 1 and (B) the principal due on the immediately succeeding September 1 prior to the transfer of available amounts from such months to the Direct Bill Revenue Account be used to pay Adjustable Rate Administrative Expenses and debt service on the Adjustable Rate Bonds, if any. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Funds and Accounts – Tax Roll Revenue Account.”

Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture) and, with respect to the Installment Payments, CFD No. 08-1 (except to the limited extent set forth in the Installment Purchase Agreement), the School District or the State of California (the “State”), or any political subdivision thereof, is pledged to the payment of the Series 2020 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS.”

Pursuant to the Act, the qualified electors of the Community Facilities District approved the levy of a special tax (the “Special Tax”) within the boundaries of the Community Facilities District. The Series 2020 Bonds are payable from the Special Taxes levied on property within the Community Facilities District and Installment Payments to be made by CFD No. 08-1 to the Community Facilities District. With respect to the Installment Payments payable by CFD No. 08-1 to the Community Facilities District pursuant to the Installment Purchase Agreement, the qualified electors of the CFD No. 08-1 approved the levy of a special tax (the “CFD No. 08-1 Special Tax”) within the boundaries of CFD No. 08-1. See “THE COMMUNITY FACILITIES DISTRICT” and “CFD NO. 08-1.”

All of the real property in the Community Facilities District, unless exempted by law or by the provisions of the Rate and Method of Apportionment of Special Taxes applicable to the Community Facilities District (the “Rate and Method”), will be taxed for the purposes, to the extent and in the manner set forth in the Indenture and Rate and Method. The full text of the Rate and Method is set forth in Appendix A hereto.

All of the real property in CFD No. 08-1 (consisting of two completed apartment complexes, aggregating 857 units (Mirasol with 329 units and Palmeras with 528 units)), unless exempted by law or by the provisions of the Rate and Method of Apportionment of Special Taxes applicable to CFD No. 08-1 (the “CFD No. 08-1 Rate and Method”), will be taxed for the purposes, to the extent and in the manner set forth in the Indenture and CFD No. 08-1 Rate and Method. The full text of the CFD No. 08-1 Rate and Method is set forth in Appendix B hereto.

“Special Taxes” is defined under the Indenture to mean the special taxes levied within the Community Facilities District pursuant to the Act, the Rate and Method, the Ordinance Levying Special Taxes and the Indenture. “Tax Roll Property” is defined under the Indenture to mean (a) for Fiscal Year 2011-12 and for each subsequent Fiscal Year in which Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, property that, pursuant to the Rate and Method, is Developed Property, Property Owners Association Property that is Taxable Property or Public Property that is Taxable Property for such Fiscal Year, and (b) for each Fiscal Year subsequent to Fiscal Year 2011-12 in which no Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, all property that, pursuant to the Rate and Method, is Taxable Property for such Fiscal Year.

In accordance with the Indenture, the Community Facilities District may issue Additional Fixed Rate Bonds and/or, subject to the limitations described herein, Additional Adjustable Rate Bonds (each as defined herein, and collectively, “Additional Bonds”). Any such Additional Fixed Rate Bonds, or Adjustable Rate Bonds amended to become a Fixed Rate Bond, will be payable on a parity with Series 2017 Bonds, Series 2018 Bonds, Series 2019 Bond, and Series 2020 Bonds, and any Additional Fixed

Rate Bonds payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture. The Community Facilities District's Outstanding Fixed Rate Bonds, together with the Series 2020 Bonds and any Additional Bonds are collectively referred to herein as the "Bonds." See "SECURITY FOR THE SERIES 2020 BONDS" herein.

Concurrently with the issuance of the Insured Series 2020 Bonds, Build America Mutual Assurance Company (the "Insurer" or "BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the for the Series 2020 Bonds maturing on September 1, 20__, 20__, 20__ and 20__ and only those maturities (the "Insured Series 2020 Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2020 Bonds when due as set forth in the form of the Policy included as Appendix I to this Official Statement. See "BOND INSURANCE FOR INSURED SERIES 2020 BONDS" and APPENDIX I – "FORM OF MUNICIPAL BOND INSURANCE POLICY."

The Community Facilities District and CFD No. 08-1

The Community Facilities District consists of approximately 4,860 gross acres of land located in the School District north of the San Diego Freeway (I-405) in the neighborhoods of Portola Springs, Woodbury and Woodbury East, Stonegate and Stonegate East, Cypress Village, Orchard Hills and Eastwood, and south of the San Diego Freeway (I-405) in the neighborhoods of Laguna Alta, Los Olivos and Hidden Canyon, all within the City of Irvine (the "City").

As of June 30, 2019, Developed Property within the Community Facilities District consisted of a total of 16,888 residential units, with single-family homes and condominiums constituting 11,346 of such units and the remaining 5,542 units constituting apartments located in Portola Springs, Cypress Village, and Los Olivos. Final Map Property, consisting of subdivided lots for the development of approximately 1,653 units, and approximately 769 acres of Undeveloped Property, was not levied a Special Tax in Fiscal Year 2019-20. From July 1, 2019 through February 14, 2020 building permits were issued for approximately 981 units within the Community Facilities District that will be levied the Special Tax beginning in Fiscal Year 2020-21, bringing the total of residential units that will be levied the Special Tax in Fiscal Year 2020-21 within the Community Facilities District to 17,869 units and 18,726 total aggregate units in the Community Facilities District and CFD No. 08-1. See "THE COMMUNITY FACILITIES DISTRICT" and "SPECIAL TAXES AND TAX ROLL REVENUES."

CFD No. 08-1 consists of approximately 36 gross acres of land located in the School District north of the Santa Ana Freeway (I-5) in the neighborhood of Stonegate within the City of Irvine.

Developed Property within CFD No. 08-1 consists of a total of 857 residential units constituting two apartment communities: Mirasol with 329 units and Palmeras with 528 units, all of which have been levied the CFD No. 08-1 Special Tax since Fiscal Year 2011-12. CFD No. 08-1 is fully developed. See "CFD NO. 08-1" and "SPECIAL TAXES AND TAX ROLL REVENUES."

Further Information

Brief descriptions of the Series 2020 Bonds, the Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement, the security for the Series 2020 Bonds, the Community Facilities District and CFD No. 08-1 and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2020 Bonds, the Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement and other documents. Copies of such documents may be obtained from the Irvine Unified School District, c/o Irvine Unified School District Community Facilities District No. 09-1, 5050 Barranca

Parkway, Irvine, California 92604, Attention: Assistant Superintendent, Business Services/Chief Financial Officer of the Irvine Unified School District.

THE SERIES 2020 BONDS

Authority for Issuance

The Series 2020 Bonds are authorized to be issued by the Community Facilities District under and subject to the terms of the Act and the Indenture.

General

The Series 2020 Bonds will be issued in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2020 Bonds. Ownership interests in the Series 2020 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof within a single maturity. So long as DTC is acting as securities depository for the Series 2020 Bonds, principal, premium, if any, and interest payments with respect to the Series 2020 Bonds will be made directly to DTC. See “THE SERIES 2020 BONDS – Book-Entry Only System” and APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.”

The Series 2020 Bonds will be dated their date of delivery and will bear interest at the rates per annum and will mature on the dates and in the principal amounts, all as set forth on the inside cover page hereof. Interest on the Series 2020 Bonds will be payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2020 (each, an “Interest Payment Date”). Interest will be paid in lawful money of the United States on each Interest Payment Date. Interest on the Series 2020 Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon will be payable from such Interest Payment Date, (ii) a Series 2020 Bond is authenticated on or before the first Record Date following the Series 2020 Closing Date, in which event interest thereon will be payable from the Series 2020 Closing Date, or (iii) interest on any Series 2020 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has previously been paid or duly provided for. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2020 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that so long as DTC or its nominee is the registered owner of the Series 2020 Bonds, interest payments will be made as described in APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.” The term “Record Date” means, with respect to the Series 2020 Bonds, the 15th day of the calendar month preceding each Interest Payment Date, whether or not such day is a Business Day, and any date established by the Trustee pursuant to the Indenture as a Record Date for the payment of defaulted interest on the Bonds. Notwithstanding the foregoing, interest on any Series 2020 Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2020 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which will be given to such Owner not less than ten days prior to such special record date. Interest on the Series 2020 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal of the Series 2020 Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the

Trustee; provided, however, that so long as DTC or its nominee is the registered owner of the Series 2020 Bonds, payments will be made as described in APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.”

Redemption of the Series 2020 Bonds

Optional Redemption

The Series 2020 Bonds will be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 2030, from any source of available funds, at a Redemption Price equal to the principal amount of the Series 2020 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. The Community Facilities District will give the Trustee written notice of its intention to redeem Series 2020 Bonds pursuant to the Indenture not less than 45 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee.

Mandatory Redemption from Special Tax Prepayments

The Series 2020 Bonds will be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from prepaid Special Taxes constituting Special Tax prepayments under and in accordance with the Indenture, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2020 Bonds of such Series to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 2020 through March 1, 2028	103%
September 1, 2028 and March 1, 2029	102
September 1, 2029 and March 1, 2030	101
September 1, 2030 and thereafter	100

Mandatory Redemption from Installment Payment Prepayments

The Series 2020 Bonds will be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from prepaid Installment Payments in accordance with the Indenture, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2020 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 2020 through March 1, 2028	103%
September 1, 2028 and March 1, 2029	102
September 1, 2029 and March 1, 2030	101
September 1, 2030 and thereafter	100

Mandatory Sinking Fund Redemption

The Series 2020 Bonds maturing on September 1, 20__ will be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__ at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing on September 1, 20__, to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Series 2020 Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
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* Final maturity

If some but not all of the Series 2020 Bonds maturing on September 1, 20__ are optionally redeemed, the principal amount of the Series 2020 Bonds maturing on September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments will be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ so optionally redeemed, such reduction to be allocated among redemption dates in amounts of \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee. If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, as applicable, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or an integral multiple thereof, as determined by the Trustee, notice of which determination will be given by the Trustee to the Community Facilities District.

The Series 2020 Bonds maturing September 1, 20__ will be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__, to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Series 2020 Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
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* Final maturity

If some but not all of the Series 2020 Bonds maturing on September 1, 20__ are optionally redeemed, the principal amount of the Series 2020 Bonds maturing on September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments will be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ so optionally redeemed, such reduction to be allocated among redemption dates in amounts of \$5,000 or an integral multiple thereof, as designated

by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee. If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, as applicable, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or an integral multiple thereof, as determined by the Trustee, notice of which determination will be given by the Trustee to the Community Facilities District.

The Series 2020 Bonds maturing September 1, 20__ will be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Series 2020 Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed

* Final maturity

If some but not all of the Series 2020 Bonds maturing on September 1, 20__ are optionally redeemed, the principal amount of the Series 2020 Bonds maturing on September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments will be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ so optionally redeemed, such reduction to be allocated among redemption dates in amounts of \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee. If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed from mandatory sinking fund payments shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ redeemed from the proceeds of prepaid Special Taxes or redeemed from Installment Payment Prepayments, as applicable, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or an integral multiple thereof, as determined by the Trustee, notice of which determination will be given by the Trustee to the Community Facilities District.

Notice of Redemption

So long as DTC is acting as securities depository for the Series 2020 Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Series 2020 Bonds

designated for redemption) at least 30 days but not more than 60 days prior to the redemption date. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the CUSIP numbers, if any, the bond numbers and the maturity or maturities of the Series 2020 Bonds to be redeemed (except in the event of redemption of all of the Series 2020 Bonds of such maturity or maturities in whole), and will require that such Series 2020 Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2020 Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2020 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds of a Series, unless at the time such notice is given the Series 2020 Bonds to be redeemed will be deemed to have been paid within the meaning and for purposes of discharge and satisfaction of the Indenture with respect to the Series 2020 Bonds, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Series 2020 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District will not be required to redeem such Series 2020 Bonds. In the event a notice of redemption of Series 2020 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2020 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of Series 2020 Bonds pursuant to such notice of redemption.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Community Facilities District, (b) with respect to any mandatory redemption of Adjustable Rate Bonds from prepaid Special Taxes, among maturities of all Series of Adjustable Rate Bonds on a *pro rata* basis as nearly as practicable and among Adjustable Rate Bonds of a Series with the same maturity date, in the various Adjustable Rate Modes as specified in the Indenture, (c) with respect to any mandatory redemption of Adjustable Rate Bonds from prepaid Installment Payments, among maturities of all Series of Adjustable Rate Bonds on a *pro rata* basis as nearly as practicable and among Adjustable Rate Bonds of a Series with the same maturity date, in the various Adjustable Rate Modes as specified in the Indenture, (d) with respect to any mandatory redemption of Fixed Rate Bonds from prepaid Special Taxes pursuant to the Indenture or Supplemental Indenture pursuant to which Fixed Rate Bonds are issued or Amended Fixed Rate Bonds are amended, among maturities of all Series of Fixed Rate Bonds on a *pro rata* basis as nearly as practicable, and (e) with respect to any other redemption of Fixed Rate Bonds or Additional Adjustable Rate Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Fixed Rate Bonds or Additional Adjustable Rate Bonds are issued or Amended Fixed Rate Bonds are amended, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion will deem appropriate. For purposes of such selection, each Bond will be deemed to be comprised of separate denominations equal to the minimum Authorized Denomination for such Bond (with, in the case of Adjustable Rate Bonds, one such Bond being in a denomination equal to the minimum Authorized Denomination therefor and any integral multiple of \$1,000 in excess thereof, if and to the extent that such Adjustable Rate Bond is in a denomination that is not an integral multiple of the

minimum Authorized Denomination therefor) and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds

Upon surrender of any Series 2020 Bonds redeemed in part only, the Community Facilities District will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Community Facilities District, a new Series 2020 Bond or Series 2020 Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Series 2020 Bonds surrendered.

Effect of Notice of Redemption

Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Series 2020 Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2020 Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2020 Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof will have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Series 2020 Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2020 Bonds will be held in trust for the account of the Owners of the Series 2020 Bonds so to be redeemed without liability to such Owners for interest thereon.

All Series 2020 Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Transfers and Exchanges

So long as the Series 2020 Bonds remain in book-entry form, the Series 2020 Bonds may be transferred or exchanged only as described under “Book-Entry Only System.” However, should the Series 2020 Bonds cease to be in book-entry form, then they may be transferred or exchanged as provided in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE.”

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2020 Bonds and other amounts on deposit under the Indenture are set forth in the following table:

Sources of Funds

Principal Amount of Series 2020 Bonds	
[Net] Original Issue Premium	
Less Underwriter's Discount	
Total Sources	

Uses of Funds

Deposit to Remarketing Proceeds Account ⁽¹⁾	
Deposit to Costs of Issuance Fund ⁽²⁾	
Total Uses	

⁽¹⁾ Amounts to be applied to the payment of the Purchase Price of the Series 2014 B Bonds being amended to the Series 2020 Bonds on the Closing Date (which is the effective date of the amendment of the Series 2014 B Bonds to the Series 2020 Bonds and, therefore, the Mandatory Purchase Date for the Series 2014 B Bonds).

⁽²⁾ Includes legal, Municipal Advisor, CFD Administrator and Trustee costs, printing costs, bond insurance premium, debt service reserve policy premium, and other miscellaneous costs of issuance relating to the Series 2020 Bonds.

DEBT SERVICE REQUIREMENTS

The debt service requirements with respect to the Series 2017 Bonds, Series 2018 Bonds, Series 2019 Bonds and Series 2020 Bonds are set forth on the following schedule:

DEBT SERVICE REQUIREMENTS

Year Ending Sept. 1	Series 2017 Bonds		Series 2018 Bonds		Series 2019 Bonds		Series 2020 Bonds*			Total Debt Service*
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2020	--	\$ 9,673,587.52	--	\$ 1,923,250.00	--	\$ 3,453,057.22	--	\$ 1,280,333.33	\$ 1,280,333.33	\$ 16,330,228.07
2021	\$ 6,765,000.00	9,673,587.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,994,037.52
2022	7,000,000.00	9,356,437.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,911,887.52
2023	7,325,000.00	9,026,587.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,907,037.52
2024	7,660,000.00	8,677,037.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,892,487.52
2025	8,045,000.00	8,303,987.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,904,437.52
2026	8,435,000.00	7,912,087.52	--	1,923,250.00	--	3,624,200.00	--	4,008,000.00	4,008,000.00	25,902,537.52
2027	4,070,000.00	7,495,087.52	--	1,923,250.00	\$ 440,000.00	3,624,200.00	\$ 2,000,000.00	4,008,000.00	6,008,000.00	23,560,537.52
2028	4,215,000.00	7,296,537.52	--	1,923,250.00	520,000.00	3,602,200.00	2,070,000.00	3,928,000.00	5,998,000.00	23,554,987.52
2029	3,285,000.00	7,095,987.52	\$295,000.00	1,923,250.00	1,375,000.00	3,576,200.00	2,155,000.00	3,845,200.00	6,000,200.00	23,550,637.52
2030	3,380,000.00	6,942,137.52	335,000.00	1,908,500.00	1,475,000.00	3,507,450.00	2,235,000.00	3,759,000.00	5,994,000.00	23,542,087.52
2031	3,485,000.00	6,783,262.52	380,000.00	1,891,750.00	1,575,000.00	3,433,700.00	2,320,000.00	3,669,600.00	5,989,600.00	23,538,312.52
2032	3,590,000.00	6,618,725.02	425,000.00	1,872,750.00	1,685,000.00	3,354,950.00	2,405,000.00	3,576,800.00	5,981,800.00	23,528,225.02
2033	3,700,000.00	6,449,287.52	470,000.00	1,851,500.00	1,805,000.00	3,270,700.00	2,495,000.00	3,480,600.00	5,975,600.00	23,522,087.52
2034	3,795,000.00	6,287,768.76	525,000.00	1,828,000.00	1,925,000.00	3,180,450.00	2,590,000.00	3,380,800.00	5,970,800.00	23,512,018.76
2035	3,900,000.00	6,120,443.76	580,000.00	1,801,750.00	2,055,000.00	3,084,200.00	2,690,000.00	3,277,200.00	5,967,200.00	23,508,593.76
2036	4,020,000.00	5,948,693.76	635,000.00	1,772,750.00	2,185,000.00	2,981,450.00	2,785,000.00	3,169,600.00	5,954,600.00	23,497,493.76
2037	4,115,000.00	5,771,693.76	705,000.00	1,741,000.00	2,335,000.00	2,872,200.00	2,895,000.00	3,058,200.00	5,953,200.00	23,493,093.76
2038	4,230,000.00	5,588,700.00	770,000.00	1,705,750.00	2,465,000.00	2,778,800.00	3,005,000.00	2,942,400.00	5,947,400.00	23,485,650.00
2039	3,605,000.00	5,386,012.50	860,000.00	1,667,250.00	2,640,000.00	2,680,200.00	3,090,000.00	2,822,200.00	5,912,200.00	22,750,662.50
2040	3,695,000.00	5,214,137.50	935,000.00	1,624,250.00	2,780,000.00	2,574,600.00	3,200,000.00	2,698,600.00	5,898,600.00	22,721,587.50
2041	3,795,000.00	5,037,887.50	1,015,000.00	1,577,500.00	2,935,000.00	2,463,400.00	3,320,000.00	2,570,600.00	5,890,600.00	22,714,387.50
2042	3,900,000.00	4,856,950.00	1,095,000.00	1,526,750.00	3,095,000.00	2,346,000.00	3,450,000.00	2,437,800.00	5,887,800.00	22,707,500.00
2043	4,005,000.00	4,671,200.00	1,190,000.00	1,472,000.00	3,260,000.00	2,222,200.00	3,580,000.00	2,299,800.00	5,879,800.00	22,700,200.00
2044	4,135,000.00	4,470,950.00	1,285,000.00	1,412,500.00	3,425,000.00	2,091,800.00	3,710,000.00	2,156,600.00	5,866,600.00	22,686,850.00
2045	4,250,000.00	4,264,200.00	1,395,000.00	1,348,250.00	3,610,000.00	1,954,800.00	3,850,000.00	2,008,200.00	5,858,200.00	22,680,450.00
2046	4,380,000.00	4,051,700.00	1,500,000.00	1,278,500.00	3,795,000.00	1,810,400.00	4,000,000.00	1,854,200.00	5,854,200.00	22,669,800.00
2047	4,515,000.00	3,832,700.00	1,615,000.00	1,203,500.00	3,990,000.00	1,658,600.00	4,150,000.00	1,694,200.00	5,844,200.00	22,659,000.00
2048	4,655,000.00	3,606,950.00	1,735,000.00	1,122,750.00	4,200,000.00	1,499,000.00	4,305,000.00	1,528,200.00	5,833,200.00	22,651,900.00
2049	4,785,000.00	3,389,300.00	1,865,000.00	1,036,000.00	4,415,000.00	1,331,000.00	4,465,000.00	1,356,000.00	5,821,000.00	22,642,300.00
2050	4,915,000.00	3,165,750.00	1,995,000.00	942,750.00	4,640,000.00	1,154,400.00	4,640,000.00	1,177,400.00	5,817,400.00	22,630,300.00
2051	5,050,000.00	2,936,300.00	2,140,000.00	843,000.00	4,880,000.00	968,800.00	4,810,000.00	991,800.00	5,801,800.00	22,619,900.00
2052	5,185,000.00	2,700,750.00	2,295,000.00	736,000.00	5,120,000.00	773,600.00	5,000,000.00	799,400.00	5,799,400.00	22,609,750.00
2053	1,260,000.00	2,459,150.00	6,450,000.00	621,250.00	5,420,000.00	568,800.00	5,220,000.00	599,400.00	5,819,400.00	22,598,600.00
2054	575,000.00	2,408,500.00	--	298,750.00	8,800,000.00	352,000.00	9,765,000.00	390,600.00	10,155,600.00	22,589,850.00
2055	15,135,000.00	2,379,750.00	2,910,000.00	298,750.00	--	--	--	--	--	20,723,500.00
2056	15,875,000.00	1,623,000.00	3,065,000.00	153,250.00	--	--	--	--	--	20,716,250.00
2057†	19,085,000.00	414,625.00	--	--	--	--	--	--	--	19,499,625.00
Total	\$203,815,000.00	\$207,891,450.32	\$38,465,000.00	\$54,769,250.00	\$86,845,000.00	\$90,914,357.22	\$100,200,000.00	\$94,808,733.33	\$195,008,733.33	\$877,708,790.87

* Preliminary, subject to change.

† The Special Tax Bonds, Series 2017 D have a final maturity of March 1, 2057.

Source: The Underwriter.

PLAN OF FINANCE

The Series 2020 Bonds are being issued to (i) purchase and amend all of the Outstanding Series 2014 B Bonds, such Series being the entirety of Community Facilities District's outstanding Adjustable Rate Bonds to Fixed Rate Bonds, (ii) purchase a policy to satisfy the Reserve Requirement for the Series 2020 Bonds, and (iii) pay the costs of issuing the Series 2020 Bonds including, without limitation, the premium for the Policy to be issued concurrently with the delivery of the Series 2020 Bonds. See "SOURCES AND USES OF FUNDS" herein.

SECURITY FOR THE SERIES 2020 BONDS

General

The Series 2020 Bonds are payable from and secured solely by all of the Net Tax Roll Revenues and any other amounts held in the Tax Roll Revenue Account, the Fixed Rate Bond Fund and the Fixed Rate Reserve Fund established under the Indenture, which amounts consist primarily of a portion of the annual Special Taxes to be levied and collected on the real property within the Community Facilities District and Installment Payments made pursuant to the Installment Purchase Agreement from CFD No. 08-1 Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such Special Taxes and CFD No. 08-1 Special Taxes to the extent described in the Indenture. See "– The Teeter Plan" for further information regarding the collection and distribution of delinquent Special Taxes.

The term "Net Tax Roll Revenues" is defined under the Indenture to mean Tax Roll Revenues, less amounts required to pay Fixed Rate Administrative Expenses. "Tax Roll Revenues" is defined under the Indenture to mean (a) the proceeds of the Special Taxes levied on Tax Roll Property received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of such Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon, and (b) the Installment Payments. "Fixed Rate Administrative Expenses" is defined under the Indenture to mean any reasonably necessary or appropriate expenses incurred in the administration of the Community Facilities District (and allocable, in the reasonable determination of the Community Facilities District, to the Fixed Rate Bonds) and the Fixed Rate Bonds, including, but not limited to (a) the administrative and legal costs of levying and collecting the Special Tax on Tax Roll Property (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnifications due the Trustee allocable to the Fixed Rate Bonds, (c) Insurer Expenses, (d) the costs incurred with on-going disclosure in connection with the Fixed Rate Bonds, (e) a proportionate share of the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (f) a proportionate share of the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (g) an allocable share of the salaries of the School District staff providing services on behalf of the Community Facilities District directly related to the foregoing and an allocable amount of School District general administrative overhead related thereto; for purposes of this definition, a "proportionate share" of costs or amounts means a share that, as of the date of determination, bears the same relationship to the total of such costs or amounts as the aggregate principal amount of Fixed Rate Bonds Outstanding on such date bears to the aggregate principal amount of Bonds Outstanding on such date.

All of the real property in the Community Facilities District, unless exempted by law or by the provisions of the Rate and Method will be taxed for the purposes, to the extent and in the manner set forth in the Indenture and Rate and Method. The full text of the Rate and Method is set forth in Appendix A hereto. With respect to the Installment Payments, all of the real property in CFD No. 08-1, unless

exempted by law or by the provisions of the CFD No. 08-1 Rate and Method, will be taxed for the purposes, to the extent and in the manner set forth in the Installment Purchase Agreement and CFD No. 08-1 Rate and Method. The full text of the CFD No. 08-1 Rate and Method is set forth in Appendix B hereto.

“Special Taxes” is defined under the Indenture to mean the special taxes levied within the Community Facilities District pursuant to the Act, the Rate and Method, the Ordinance Levying Special Taxes and the Indenture. “Tax Roll Property” is defined under the Indenture to mean (a) for Fiscal Year 2011-12 and for each subsequent Fiscal Year in which Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, property that, pursuant to the Rate and Method, is Developed Property, Property Owners Association Property that is Taxable Property or Public Property that is Taxable Property for such Fiscal Year, and (b) for each Fiscal Year subsequent to Fiscal Year 2011-12 in which no Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, all property that, pursuant to the Rate and Method, is Taxable Property for such Fiscal Year. “Installment Payments” is defined under the Indenture to mean the installment payments required to be made by CFD No. 08-1 to the Community Facilities District pursuant to the Installment Purchase Agreement, dated as of March 1, 2012 (the “Installment Purchase Agreement”), by and between CFD No. 08-1 and the Community Facilities District, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As discussed in this Official Statement, with the issuance of the Series 2020 Bonds and the purchase and amendment of the Series 2014 B Bonds, all of the outstanding Adjustable Rate Bonds will have been amended to become Amended Fixed Rate Bonds. As a practical matter, the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds, because in connection with such amendment of the outstanding Series 2014 B Bonds to be Amended Fixed Rate Bonds, the Board of Education has by resolution determined certain conditions to be satisfied in accordance with the Rate and Method, including that the School Facilities have been fully financed, that the amount of the levy of Special Taxes on all Assessor’s Parcels of Developed Property exceeds the Debt Service Requirement by an amount deemed sufficient by the Board of Education to satisfy applicable covenants with respect to the outstanding Bonds, and that, accordingly, in each Fiscal Year thereafter the Special Tax shall not be levied on Assessor’s Parcels of Final Map Property or Undeveloped Property. The Community Facilities District has not historically levied the Special Tax on Final Map Property or Undeveloped Property and, in Fiscal Year 2020-21 and in each Fiscal Year thereafter, the Special Tax shall not be levied on Assessor’s Parcels of Final Map Property or Undeveloped Property.

The pledge of Special Taxes and Installment Payments under the Indenture shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Fixed Rate Bond Fund. As provided in the Indenture, the Trustee shall establish and maintain a separate fund designated the “Fixed Rate Bond Fund.” Within the Fixed Rate Bond Fund, the Trustee shall establish and maintain a separate account designated the “Fixed Rate Capitalized Interest Account,” a separate account designated the “Fixed Rate Interest Account,” a separate account designated the “Fixed Rate Principal Account” and a separate account designated the “Fixed Rate Redemption Account.” There shall be deposited in the accounts of the Fixed Rate Bond Fund the amounts required to be deposited under the Indenture as summarized below and in Appendix C. Additionally, there shall be deposited in any of the accounts of the Fixed Rate Bond Fund the portion, if any, of the proceeds of the sale of a Series of Fixed Rate Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Series of Fixed Rate Bonds are issued.

On each Interest Payment Date on which interest on the Fixed Rate Bonds is due and payable, the Trustee shall withdraw from the Fixed Rate Interest Account for payment to the Owners of the Fixed Rate Bonds such interest then due and payable. In the event that, on the Business Day prior to an Interest Payment Date for the Fixed Rate Bonds, amounts in the Fixed Rate Interest Account are insufficient to pay the interest on the Fixed Rate Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Fixed Rate Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Fixed Rate Interest Account.

On each March 1 or September 1 on which principal of the Fixed Rate Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Fixed Rate Bonds, the Trustee shall withdraw from the Fixed Rate Principal Account for payment to the Owners of the Fixed Rate Bonds such principal then due and payable. In the event that, on the Business Day prior to a March 1 or September 1 on which principal of the Fixed Rate Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Fixed Rate Bonds, amounts in the Fixed Rate Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Fixed Rate Reserve Fund required to be withdrawn therefrom, the Trustee shall withdraw from the Fixed Rate Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Fixed Rate Principal Account.

Tax Roll Revenue Account. No later than ten Business Days after the receipt by the Community Facilities District of any Tax Roll Revenues (other than prepaid Special Taxes for Tax Roll Property), the Community Facilities District shall transfer such Tax Roll Revenues (other than any such prepaid Special Taxes) to the Trustee and the Trustee shall deposit such Tax Roll Revenues in the Tax Roll Revenue Account. Additionally, the Trustee shall deposit in the Tax Roll Revenue Account any amounts required to be transferred thereto from the Direct Bill Revenue Account pursuant to the Indenture.

Upon receipt of a Written Request of the Community Facilities District, the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Administrative Expense Account, if and to the extent available therein, the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Fixed Rate Administrative Expenses.

Net Tax Roll Revenues received during September, October, November, December, January and February will be transferred to accounts relating to the Series 2020 Bonds and other Fixed Rate Bonds, for payment of the interest due on such bonds on the immediately succeeding March 1, and to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (a) half of the principal due on the immediately succeeding September 1 and (b) the principal due on the immediately succeeding March 1 not previously funded, and an amount as necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement prior to transfer of available amounts from such months to the Direct Bill Revenue Account as more particularly described below. Amounts received during March, April, May, June, July and August will be transferred to accounts relating to the Series 2020 Bonds and other Fixed Rate Bonds, for payment of the interest due on such bonds on the immediately succeeding September 1, and to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (a) half of the principal due on the immediately succeeding March 1 and (b) the principal due on the immediately succeeding September 1 not previously funded, and an amount as necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement prior to transfer of available amounts from such months to the Direct Bill Revenue Account be used to pay Adjustable Rate Administrative Expenses and debt service on the Adjustable Rate Bonds. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Funds and Accounts – Tax Roll Revenue Account.”

The Indenture specifically provides, so long as Adjustable Rate Bonds are Outstanding, the Trustee shall, after having made any requested transfer to the Fixed Rate Administrative Expense Account, make the following transfers of remaining Tax Roll Revenues on the dates specified:

(i) On the last Business Day of each September, October, November, December, January and February, the Trustee shall make the following transfers:

(A) *Fixed Rate Interest Account.* The Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on the immediately succeeding March 1;

(B) *Fixed Rate Principal Account.* After having made any transfers required to be made pursuant to the preceding paragraph (A), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (I) one-half of the principal due on the Fixed Rate Bonds on the immediately succeeding September 1, and (II) the principal due on the Fixed Rate Bonds on the immediately succeeding March 1;

(C) *Fixed Rate Reserve Fund.* After having made any transfers required to be made pursuant to the preceding paragraphs (A) and (B), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(D) *Direct Bill Revenue Account.* After having made any transfers required to be made pursuant to the preceding paragraphs (A), (B) and (C), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Direct Bill Revenue Account. Moneys on deposit in the Direct Bill Revenue Account are used to pay Adjustable Rate Administrative Expenses and to reimburse the Banks for draws on Letters of Credit to pay debt service on Adjustable Rate Bonds as provided in the Indenture. In connection with the issuance of Adjustable Rate Bonds, the Community Facilities District has assumed obligations to reimburse the Bank issuing a Letter of Credit with respect to such Adjustable Rate Bonds, with interest as provided therein, for draws made under such Letter of Credit pursuant to the Indenture. The Community Facilities District has pledged in accordance with the Indenture to each such Bank, a lien on and a security interest in, all of the Net Adjustable Rate Revenues and any other amounts held in the Direct Bill Revenue Account and the Adjustable Rate Bond Fund. The Community Facilities District has further pledged in accordance with the Indenture to the Owners of such Adjustable Rate Bonds, and grants thereto a lien on and a security interest in, all of the Net Adjustable Rate Revenues and any other amounts held in the Direct Bill Revenue Account and the Adjustable Rate Bond Fund.

Notwithstanding the foregoing, if, no earlier than the last day on which Tax Roll Revenues are transferred by the Community Facilities District to the Trustee pursuant to subsection (a) of this Section in a December, January or February of a Fiscal Year and on or prior to the last Business Day of such December, January or February, the Trustee receives a Written Certificate of the Community Facilities District (I) stating that the amount of Special Taxes levied on Tax Roll Property in such Fiscal Year received by the Community Facilities District on and prior to the date of such Written Certificate is in excess of 50% of the total amount of Special Taxes levied on Tax Roll Property in such Fiscal Year, and (II) specifying the amount of such excess, the Trustee shall, after having made any transfers required to be

made pursuant to the preceding paragraphs (A), (B) and (C), and prior to making any transfer pursuant to the preceding paragraph (D), transfer on such last Business Day of December, January or February, as applicable, any remaining amounts in the Tax Roll Revenue Account as provided in paragraph (ii), below (and, for such purpose, the reference therein to “March, April, May, June, July and August” shall be deemed to be a reference to “December, January or February, as applicable”); provided, however, that the amount of such remaining amounts so transferred shall not exceed the amount of the excess specified in such Written Certificate.

(ii) On the last Business Day of each March, April, May, June, July and August, the Trustee shall make the following transfers:

(A) *Fixed Rate Interest Account.* The Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on the immediately succeeding September 1;

(B) *Fixed Rate Principal Account.* After having made any transfers required to be made pursuant to the preceding paragraph (A), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (I) one-half of the principal due on the Fixed Rate Bonds on the immediately succeeding March 1, and (II) the principal due on the Fixed Rate Bonds on the immediately succeeding September 1;

(C) *Fixed Rate Reserve Fund.* After having made any transfers required to be made pursuant to the preceding paragraphs (A) and (B), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(D) *Direct Bill Revenue Account.* After having made any transfers required to be made pursuant to the preceding paragraphs (A), (B) and (C), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Direct Bill Revenue Account. Moneys on deposit in the Direct Bill Revenue Account are used to pay Adjustable Rate Administrative Expenses and to reimburse the Banks for draws on Letters of Credit to pay debt service on Adjustable Rate Bonds as provided in the Indenture.

The Indenture further provides, if no Adjustable Rate Bonds are Outstanding, the Trustee shall, after having made any requested transfer to the Fixed Rate Administrative Expense Account, make the following transfers on the dates specified:

(i) *Fixed Rate Interest Account.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on such Interest Payment Date;

(ii) *Fixed Rate Principal Account.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, after having made any transfers required to be made pursuant to the preceding paragraph (i), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the

amount on deposit in the Fixed Rate Principal Account to be equal to the principal due on the Fixed Rate Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Fixed Rate Bonds;

(iii) *Fixed Rate Reserve Fund.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, after having made any transfers required to be made pursuant to the preceding paragraphs (i) and (ii), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(iv) *Subordinate Obligations.* On each September 2, the Trustee shall transfer from the Tax Roll Revenue Account to the Person specified in a Written Request of the Community Facilities District received by the Trustee prior to such September 2, the amount, if any, specified in such Written Request of the Community Facilities District as the amount that will be required to pay during the Bond Year commencing on such September 2 debt service on obligations payable from Net Tax Roll Revenues and Direct Bill Revenues on a basis subordinate to the Bonds incurred in accordance with the Indenture.

(v) *Non-Proceeds Account.* On each September 2, after having made any transfer required to be made pursuant to the preceding paragraph (iv), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Non-Proceeds Account.

Series 2020 Bonds Are Special Obligations. The Series 2020 Bonds are special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Tax Roll Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), CFD No. 08-1 (except to the limited extent set forth in the Installment Purchase Agreement), the School District or the State, or any political subdivision thereof, is pledged to the payment of the Series 2020 Bonds.

The principal of and interest on the Series 2020 Bonds are payable from the Net Tax Roll Revenues as provided in the Indenture and the Rate and Method. The amount of Special Taxes that the Community Facilities District may levy in any year is strictly limited by the maximum rates approved by the qualified electors within the Community Facilities District and in CFD No. 08-1. See “– Rate and Method of Apportionment,” APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1),” APPENDIX B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 08-1).” See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE,” for a more detailed description of certain provisions of the Indenture. In addition and pursuant to the Act, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within a community facilities district by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued. As provided in the Rate and Method, under no circumstances may the Special Tax on one Parcel used for private residential purposes in the Community Facilities District be increased by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As provided in the CFD No. 08-1 Rate and Method, under no circumstances will the Special Tax levied in any fiscal year on one Assessor’s Parcel be increased as a consequence of delinquency or default by the owner or owners of any other Assessor’s Parcel or Assessor’s Parcels in CFD No. 08-1 by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

Fixed Rate Reserve Fund

The Trustee has established and will maintain a special fund designated the “Fixed Rate Reserve Fund” as a debt service reserve for the Series 2017 Bonds, Series 2018 Bonds, Series 2019 Bonds, and Series 2020 Bonds, and any Additional Fixed Rate Bonds. On the Closing Date, the Trustee will deposit in the Fixed Rate Reserve Fund a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”), to be issued by BAM, in satisfaction of the Reserve Requirement for the Series 2020 Bonds. As defined in the Indenture, the term “Reserve Requirement” means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Fixed Rate Bonds (excluding Fixed Rate Bonds that are refunded with the proceeds of subsequently issued Fixed Rate Bonds), (b) Maximum Annual Debt Service on the Fixed Rate Bonds, and (c) 125% of Average Annual Debt Service on the Fixed Rate Bonds. For information concerning BAM, see information under the caption “BOND INSURANCE FOR INSURED SERIES 2020 BONDS – Build America Mutual Assurance Company” and APPENDIX J – “FORM OF MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.” There shall additionally be deposited in the Fixed Rate Reserve Fund (i) in connection with the issuance of additional Fixed Rate Bonds or the amendment of Adjustable Rate Bonds to Amended Fixed Rate Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such additional Fixed Rate Bonds are issued or such Adjustable Rate Bonds are amended to Amended Fixed Rate Bonds, all or a portion of which amount may be provided through the deposit therein of an Additional Reserve Policy, and (ii) any amounts paid by the Insurer pursuant to a claim on the Reserve Policy and any amounts paid by the issuer of an Additional Reserve Policy pursuant to a claim on such Additional Reserve Policy.

Subject to the terms of the Indenture, all amounts deposited in the Fixed Rate Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of (a) making transfers to the Fixed Rate Interest Account in accordance with the Indenture, on the Business Day prior to an Interest Payment Date, in the event of any deficiency at any time in the Fixed Rate Interest Account of the amount then required for payment of the interest on the Fixed Rate Bonds, (b) making transfers to the Fixed Rate Principal Account in accordance with the Indenture in the event of any deficiency at any time in the Fixed Rate Principal Account of the amount then required for payment of the principal of the Fixed Rate Bonds, and (c) redeeming Fixed Rate Bonds in accordance with the Indenture.

If a draw has been made on the Reserve Policy, the Trustee will, from the deposits to the Fixed Rate Reserve Fund made pursuant to the Indenture, repay the Insurer for such draw, pay the Insurer for any Insurer Expenses related to such draw and pay the Insurer interest on such draw and Insurer Expenses from the date of payment by the Insurer at the Insurer Rate. Amounts so paid to the Insurer will be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent that payments are made to the Insurer in repayment of such draw, the coverage under the Reserve Policy shall be increased by a like amount, subject to the terms of the Reserve Policy.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Funds and Accounts – Fixed Rate Reserve Fund.”

Whenever Fixed Rate Bonds are to be optionally redeemed, redeemed from Special Tax prepayments or redeemed from Installment Payment prepayments, a proportionate share, determined as provided below, of the amount on deposit in the Fixed Rate Reserve Fund will, on the date on which amounts to redeem such Fixed Rate Bonds are deposited in the Fixed Rate Redemption Account or otherwise deposited with the Trustee for purposes of discharge and satisfaction of the Indenture in accordance with its terms, be transferred by the Trustee from the Fixed Rate Reserve Fund to the Fixed Rate Redemption Account or to such deposit held by the Trustee and will be applied to the redemption of

said Fixed Rate Bonds; provided, however, that such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Fixed Rate Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Fixed Rate Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Fixed Rate Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Fixed Rate Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Fixed Rate Bonds to be so redeemed and the denominator of which is the principal amount of Fixed Rate Bonds to be Outstanding on the day prior to the date on which such Fixed Rate Bonds are to be so redeemed. Notwithstanding the foregoing, no claim on any Reserve Facility will be made for the purpose of providing moneys to be applied pursuant to the Indenture as described above, and no moneys derived from a claim on any Reserve Facility will be applied pursuant to the Indenture as described above.

Whenever the balance in the Fixed Rate Reserve Fund exceeds the amount required to redeem or pay the Outstanding Fixed Rate Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee will, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Fixed Rate Reserve Fund to the Fixed Rate Interest Account, the Fixed Rate Principal Account and the Fixed Rate Redemption Account, as applicable, to be applied, on the next succeeding Interest Payment Date on which such amounts can be so applied in accordance with the provisions of the Indenture, to the payment and redemption of all of the Outstanding Fixed Rate Bonds. Notwithstanding the foregoing, no claim on any Reserve Facility will be made for the purpose of providing moneys to be applied pursuant to the Indenture as described above, and no moneys derived from a claim on any Reserve Facility will be applied pursuant to the Indenture as described above.

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

The Community Facilities District may, with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), substitute an Additional Reserve Policy for all or part of the moneys on deposit in the Fixed Rate Reserve Fund by depositing such Additional Reserve Policy with the Trustee, provided that, at the time of such substitution, the amount on deposit in the Fixed Rate Reserve Fund, together with the amount available under all Reserve Facilities, will be at least equal to the Reserve Requirement. Moneys for which an Additional Reserve Policy has been substituted as provided in the Indenture will be transferred, at the election of the Community Facilities District (i) to the Fixed Rate Redemption Account to be applied to the optional redemption of Fixed Rate Bonds or, (ii) upon receipt of a Favorable Opinion of Bond Counsel, to the Community Facilities District to pay the costs of authorized capital expenditures.

Repayment of draws on each Reserve Facility, payment to the issuer of such Reserve Facility of administrative expenses related to such draw, and payment to the issuer of such Reserve Facility of interest due with respect to such draw and administrative expenses shall be made prior to replenishment of any cash amounts. Repayment to the issuers of Reserve Facilities of draws thereon, of payment of administrative expenses related to such draws and payment to such issuers of interest due with respect to such draws and administrative expenses shall be made on a pro-rata basis.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Funds and Accounts – Fixed Rate Reserve Fund.”

Special Taxes

The Community Facilities District has covenanted in the Indenture that so long as any of its Bonds are outstanding it will fix and levy the amount of Special Taxes within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the amount of the Special Tax that may be levied, in an amount sufficient to yield not less than the amount required for the purposes of the Indenture, taking into account the balances in the funds and accounts established under the Indenture. No assurance can be given that the foregoing amount will in fact be collected in any given year due to a variety of factors, including the limitation imposed by the maximum Special Tax rates. See “– The Teeter Plan” and “RISK FACTORS – Right to Vote on Taxes Act” and APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1).”

The Special Taxes imposed by the Community Facilities District are customarily billed with *ad valorem* property taxes and collected by the County of Orange (the “County”). As provided in the Indenture and the Rate and Method with respect to the Special Taxes, and in the CFD No. 08-1 Rate and Method with respect to the CFD No. 08-1 Special Taxes, the Special Taxes and CFD No. 08-1 Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the Board of Education shall determine, including direct billing of the affected property owners), and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property. When received, the Special Taxes will be deposited in the accounts of the Fixed Rate Bond Fund as required pursuant to the Indenture, subject to the maximum annual amounts of Special Taxes authorized to be levied by the qualified electors of the Community Facilities District. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT” and See APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1).”

Although the Special Taxes of the Community Facilities District will be levied against, and constitute a lien against, taxable parcels within the Community Facilities District and the CFD No. 08-1 Special Taxes will be levied against, and constitute a lien against, taxable parcels within CFD No. 08-1, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or the CFD No. 08-1 Special Taxes or that they will pay such taxes even if financially able to do so. See “– The Teeter Plan.”

Rate and Method of Apportionment

The Community Facilities District has adopted a Rate and Method of Apportionment following public hearings and an election conducted pursuant to the provisions of the Act. The full text of the Rate and Method is set forth in Appendix A hereto. The CFD No. 08-1 Rate and Method is described below under the caption “CFD No. 08-1 Rate and Method of Apportionment.” The full text of the CFD No. 08-1 Rate and Method is set forth in Appendix B hereto.

The Community Facilities District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to the Rate and Method. Certain types of property may be absolutely exempt from the Special Taxes. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the Community Facilities District as more particularly described herein. Capitalized but undefined terms used in this Section have the meanings ascribed thereto in the Rate and Method.

With respect to Developed Property, other than Mixed Assessor's Parcels, the Rate and Method provides for the Maximum Special Tax for an Assessor's Parcel of Taxable Property for each Fiscal Year, at the Maximum Special Tax applicable to each Assessor's Parcel of Developed Property shall be the remainder of (i) the product of \$1,700.00 per Dwelling Unit multiplied by the number of Dwelling Units for which building permits have been issued for the Assessor's Parcel¹ minus (ii) the CFD No. 86-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any.* Commencing with the Special Tax levy for the Community Facilities District in Fiscal Year 2020-21, there will be no offset attributable to the CFD No. 86-1 Actual Special Tax. With respect to Mixed Assessor's Parcels, the Rate and Method provides that in each Fiscal Year, the Board of Education will levy the Special Tax on each Mixed Assessor's Parcel classified as Developed Property in such Fiscal Year in an amount calculated pursuant to the Rate and Method as if the legal parcels to be classified as Developed Property in the next Fiscal Year had been classified as Developed Property in the current Fiscal Year. See APPENDIX A – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1)."

"Developed Property" means for each Fiscal Year, each Assessor's Parcel of Taxable Property in the Community Facilities District for which a Building Permit for construction of one or more Dwelling Units was issued prior to July 1 of such Fiscal Year. "Mixed Assessor's Parcel" means, for each Fiscal Year, an Assessor's Parcel that includes multiple legal parcels created by a Final Map, for which Assessor's Parcel numbers have not yet been assigned and that will, in the next Fiscal Year, be classified as Developed Property, Final Map Property, Undeveloped Property and/or Exempt Property.

The "CFD No. 86-1 Actual Special Tax" means, with respect to an Assessor's Parcel that is within CFD No. 86-1, for each Fiscal Year, the actual CFD No. 86-1 Special Tax levied upon such Assessor's Parcel in such Fiscal Year. "CFD No. 86-1 Special Tax" means the special tax authorized to be levied within CFD No. 86-1 pursuant to the Rate and Method of Apportionment of Special Taxes for CFD No. 86-1.

As discussed in this Official Statement, with the issuance of the Series 2020 Bonds and the purchase and amendment of the Series 2014 B Bonds, all of the outstanding Adjustable Rate Bonds will have been amended to become Amended Fixed Rate Bonds. As a practical matter, the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds, because in connection with such amendment of the outstanding Series 2014 B Bonds to be Amended Fixed Rate Bonds, the Board of Education has by resolution determined certain conditions to be satisfied in accordance with the Rate and Method, including that the School Facilities have been fully financed, that the amount of the levy of Special Taxes on all Assessor's Parcels of Developed Property exceeds the Debt Service Requirement by an amount deemed sufficient by the Board of Education to satisfy applicable covenants with respect to the outstanding Bonds, and that, accordingly, in each Fiscal Year thereafter the Special Tax shall not be levied on Assessor's Parcels of Final Map Property or Undeveloped Property. The Community Facilities District has not historically levied the Special Tax on Final Map Property or Undeveloped Property and, in Fiscal Year 2020-21 and in each Fiscal Year thereafter, the Special Tax shall not be levied on Assessor's Parcels of Final Map Property or Undeveloped Property.

¹ In certain cases, e.g., an apartment building or a Mixed Assessor's Parcel, an Assessor's Parcel may have more than one building permit issued.

* The Rate and Method also refers to subtracting CFD No. 06-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any, and CFD No. 07-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any. As indicated in the body of the Official Statement under the caption "THE COMMUNITY FACILITIES DISTRICT – Mitigation Agreement," proceeds of previously issued special tax notes of CFD No. 09-1 prepaid the CFD No. 06-1 special taxes applicable to assessor's parcels within the boundaries of CFD No. 09-1 that were also within the boundaries of CFD No. 06-1. As a result thereof the lien of CFD No. 06-1 with respect to such parcels has been released. In addition, amounts available to the School District were applied to the redemption of Special Tax Notes of CFD No. 07-1 and CFD No. 07-1 has been dissolved.

See “SPECIAL TAXES AND TAX ROLL REVENUES” for a description of property uses other than residential property uses in the Community Facilities District.

Installment Purchase Agreement

The Installment Payments shall be special obligations of CFD No. 08-1, payable, as provided in the Installment Purchase Agreement, solely from CFD No. 08-1 Net Special Tax Revenues and the other assets pledged therefor under the Installment Purchase Agreement. The obligation of CFD No. 08-1 to make the Installment Payments and other payments required to be made by it pursuant to the Installment Purchase Agreement, solely from the sources and in the manner provided in the Installment Purchase Agreement, is absolute and unconditional, and until such time as the Installment Payments and such other payments shall have been paid in full, CFD No. 08-1 shall not discontinue or suspend any Installment Payment or other payment required to be made by it pursuant to the Installment Purchase Agreement when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

In accordance with the Indenture, the Community Facilities District transfers, conveys and assigns to the Trustee, for the benefit of the Owners, all of the Community Facilities District’s rights, title and interest under the Installment Purchase Agreement (excepting its rights to indemnification thereunder), including the right to receive Installment Payments from CFD No. 08-1 and the right to exercise any remedies provided therein in the event of a default by CFD No. 08-1 thereunder. All Installment Payments shall be paid directly by CFD No. 08-1 to the Trustee, and if received by the Community Facilities District at any time shall be deposited by the Community Facilities District with the Trustee immediately upon the receipt thereof.

The Installment Purchase Agreement provides that subject only to the provisions of the Installment Purchase Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Installment Purchase Agreement, in order to secure the payment of the Installment Payment in accordance with the provisions of the Installment Purchase Agreement and the Act, CFD No. 08-1 pledges to the Community Facilities District, and grants thereto a lien on and a security interest in, all of the CFD No. 08-1 Net Special Tax Revenues and any other amounts held in the CFD No. 08-1 Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against CFD No. 08-1, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Installment Purchase Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Upon the receipt by the Trustee of prepaid Installment Payments, the Trustee shall (i) if Fixed Rate Bonds are Outstanding, after having set aside from such prepaid Installment Payments the portion thereof required pursuant to the following clause (ii) to be deposited in the Fixed Rate Interest Account, deposit the remainder of such prepaid Installment Payments in the Fixed Rate Redemption Account; provided, however, that if the amount to be so deposited is greater than the aggregate principal amount of the Fixed Rate Bonds then Outstanding, an amount equal to such principal amount shall be deposited in the Fixed Rate Redemption Account, which amount so deposited shall be applied to the redemption of Fixed Rate Bonds on the first date on which Fixed Rate Bonds may be redeemed from Special Tax prepayments pursuant to the provisions of the Supplemental Indenture under which such Fixed Rate Bonds are issued, and the remainder shall be deposited in the Adjustable Rate Redemption Account,

which amount so deposited shall be applied to the redemption of Adjustable Rate Bonds on the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to the Indenture, (ii) if Fixed Rate Bonds are to be redeemed as described in the preceding clause (i), deposit in the Fixed Rate Interest Account the amount of interest on such Fixed Rate Bonds to accrue to the redemption date thereof, (iii) if no Fixed Rate Bonds are Outstanding, after having set aside from such prepaid Installment Payments the portion thereof required pursuant to the following clause (iv) to be deposited in the Adjustable Rate Interest Account, deposit the remainder of such prepaid Installment Payments in the Adjustable Rate Redemption Account, which amount so deposited shall be applied to the redemption of Adjustable Rate Bonds on the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to the Indenture, and (iv) if Adjustable Rate Bonds are to be redeemed as described in the preceding clauses (i) or (iii), deposit in the Adjustable Rate Interest Account the amount of interest on such Adjustable Rate Bonds to accrue to the redemption date thereof.

The Trustee may give notice of an event of default under the Installment Purchase Agreement to CFD No. 08-1, and shall do so if directed in writing to do so by the Owners of not less than 5% of the aggregate principal amount of the Bonds then Outstanding. In each and every case during the continuance of such an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the principal aggregate amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction, shall, upon notice in writing to CFD No. 08-1 (a) exercise any of the remedies granted to the Community Facilities District under the Installment Purchase Agreement, and (b) take whatever action at law or in equity may appear necessary or desirable to enforce its rights pursuant to the Indenture or the Installment Purchase Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture, the Bonds or the Installment Purchase Agreement, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Provisions Regarding Installment Purchase Agreement.”

CFD No. 08-1 Rate and Method of Apportionment

CFD No. 08-1 has adopted a Rate and Method of Apportionment following public hearings and an election conducted pursuant to the provisions of the Act. The full text of the CFD No. 08-1 Rate and Method is set forth in Appendix B hereto.

CFD No. 08-1 is legally authorized and has covenanted to cause the levy of the CFD No. 08-1 Special Taxes in an amount determined according to the CFD No. 08-1 Rate and Method. The CFD No. 08-1 Rate and Method provides that the intention of the CFD No. 08-1 Rate and Method is to levy and collect CFD No. 08-1 Special Taxes from each Assessor's Parcel classified Developed Property within the boundaries of CFD No. 08-1 without regard to the ownership of the Assessor's Parcel. Any Assessor's parcel that has previously been classified as Developed Property and is then acquired by a public agency or other entity that is exempt from ordinary *ad valorem* taxes shall not be exempt from the CFD No. 08-1 Special Taxes. The CFD No. 08-1 Rate and Method apportions the total amount of CFD No. 08-1 Special Taxes to be collected among the taxable parcels in CFD No. 08-1 as more particularly described therein. Capitalized but undefined terms used in this Section have the meanings ascribed thereto in the CFD No. 08-1 Rate and Method.

With respect to Developed Property, the CFD No. 08-1 Rate and Method provides for the Maximum Special Tax for an Assessor's Parcel of Taxable Property for through Fiscal Year 2019-20 at \$1,100.00 per Dwelling Unit less the CFD No. 86-1 Special Tax, and for Fiscal Years 2020-21 through

2049-50 at \$1,100.00 per Dwelling Unit. The CFD No. 86-1 Special Tax means, for each Fiscal Year, the actual CFD No. 86-1 special tax levied upon an Assessor's Parcel in CFD No. 08-1. The Installment Purchase Agreement provides for the payment of Installment Payments of \$500,000 annually through Fiscal Year 2019-20 (the final year for levy of the CFD No. 86-1 special tax) and approximately \$919,000 annually thereafter through September 1, 2038, with a final installment of \$21,208 due on January 15, 2039 (which final installment date is approximately 15 years prior to the final maturity date of the Series 2020 Bonds).

Developed Property within CFD No. 08-1 means lots 17 and 19 (Palmeras Apartments and Mirasol Apartments, respectively) of Tract No. 17086 as shown on a map filed in Book 890, pages 1 to 20 inclusive of Miscellaneous Maps of Orange County, California, or as such lots may be further subdivided.

Additional Indebtedness

So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Tax Roll Revenues on a parity with Series 2017 Bonds, Series 2018 Bonds, Series 2019 Bonds, and Series 2020 Bonds, except Fixed Rate Bonds issued in accordance with the terms set forth below; provided, however, that Adjustable Rate Bonds, if any, may be amended to become Fixed Rate Bonds in accordance with the provisions of the Indenture. See "Amendment of Adjustable Rate Bonds to Fixed Rate Bonds" below. With the purchase and amendment of all of the Outstanding Series 2014 B Bonds to Fixed Rate Bonds, there will be no Adjustable Rate Bonds Outstanding under the Indenture.

Additional Fixed Rate Bonds. The Community Facilities District may at any time issue a Series of Fixed Rate Bonds payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture, but only subject to the following conditions, which are conditions precedent to the issuance of such Fixed Rate Bonds:

(a) upon the issuance of such Fixed Rate Bonds (i) no Event of Default (as defined in the Indenture) shall have occurred and be continuing under the Indenture, and (ii) no event of default shall have occurred and be continuing under any Reimbursement Agreement;

(b) the issuance of such Fixed Rate Bonds shall have been provided for by a Supplemental Indenture which shall specify the purposes for which the proceeds of such Fixed Rate Bonds are to be applied, which purposes may only include one or more of (A) providing funds to refund any Bonds previously issued under the Indenture, (B) providing funds to finance Facilities, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Fixed Rate Bonds and to pay Costs of Issuance incurred in connection with the amendment of Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds, (D) providing funds to pay interest on such Fixed Rate Bonds and providing funds to pay interest on Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds, and (E) providing funds to make any deposit to the Fixed Rate Reserve Fund required pursuant to the Indenture and providing funds to make any deposit to the Fixed Rate Reserve Fund required pursuant to the Indenture in connection with the amendment of Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds;

(c) the Community Facilities District shall have received a certificate or certificates from one or more Independent Consultants which, when taken together, certify that:

(i) for each Fiscal Year that Fixed Rate Bonds will be Outstanding, the sum of (A) on the basis of the parcels of land in the Community Facilities District that are Developed Property as of the date of issuance of such Fixed Rate Bonds, the amount of Maximum Special Taxes that may be levied on all such parcels of Developed Property pursuant to the Act, the Ordinance and the Rate and Method in such Fiscal Year, plus (B) the amount of the Installment Payments to be received in such Fiscal Year pursuant to the Installment Purchase Agreement, is at least equal to the sum of (I) 110% of Assumed Debt Service for the Corresponding Bond Year for all Bonds that will be Outstanding upon the issuance of such Fixed Rate Bonds; provided, however, that, debt service for the Adjustable Rate Bonds shall be excluded from the calculation of Assumed Debt Service, if and to the extent that the Banks have consented in writing to such exclusion, plus (II) Assumed Fixed Rate Administrative Expenses for such Fiscal Year; and

(ii) the sum of (A) the Assessed Value of parcels of Developed Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, plus (C) the Assessed Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has not been provided, plus (D) the Appraised Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least four times the sum of (I) the aggregate principal amount of Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Developed Property or CFD No. 08-1 Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) a portion of the aggregate principal amount of Other District Bonds equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of Developed Property and CFD No. 08-1 Property, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available. As defined in the Indenture, the term "Other District Bonds" means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, issued under the Act then outstanding and payable at least partially from special taxes to be levied on parcels of land within the Community Facilities District or CFD No. 08-1.

Notwithstanding the foregoing, if (i) such Fixed Rate Bonds are being issued to refund previously issued Fixed Rate Bonds, and (ii) Annual Debt Service in each Bond Year, calculated for all Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Fixed Rate Bonds which are Outstanding immediately prior to the issuance of such Fixed Rate Bonds, the receipt of the certificate described in paragraph (c), above, shall not be a condition precedent to the issuance of such Additional Bonds.

The Community Facilities District may from time to time incur obligations payable from Net Tax Roll Revenues and Direct Bill Revenues on a basis subordinate to the Bonds; provided, however, that any such subordinate obligations shall be payable only from Net Tax Roll Revenues and Direct Bill Revenues transferred from the Tax Roll Revenue Account and from the Direct Bill Revenue Account each pursuant to the Indenture.

Additional Adjustable Rate Bonds. The Indenture provides that the Community Facilities District may at any time issue a Series of Additional Adjustable Rate Bonds, but only subject to the conditions

precedent to the issuance of such Additional Adjustable Rate Bonds set forth in the Indenture. As a practical matter, the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds. See “SECURITY FOR THE SERIES 2020 BONDS” herein. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Additional Bonds,” “– Conditions for the Issuance of Additional Adjustable Rate Bonds” and “– Procedure for the Issuance of Fixed Rate Bonds and Additional Adjustable Rate Bonds.”

Amendment of Adjustable Rate Bonds to Fixed Rate Bonds

The Community Facilities District, may at any time authorize the execution and delivery of a Supplemental Indenture pursuant to which Adjustable Rate Bonds of a Series purchased in accordance with the definition of Mandatory Purchase Date are amended to become Amended Fixed Rate Bonds. From and after the date on which Adjustable Rate Bonds become Amended Fixed Rate Bonds (i) such Amended Fixed Rate Bonds shall be payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture, such Amended Fixed Rate Bonds shall be Fixed Rate Bonds for all purposes of the Indenture and such Amended Fixed Rate Bonds shall be subject to all of the provisions of the Indenture relating to Fixed Rate Bonds, and (ii) the stated amount of the Letter of Credit securing the payment of such Adjustable Rate Bonds shall be reduced in accordance with the Reimbursement Agreement pursuant to which such Letter of Credit is issued and shall no longer constitute a source of payment of the principal of and interest on such Amended Fixed Rate Bonds. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Additional Bonds – Amended Fixed Rate Bonds.”

As a practical matter, the Community Facilities District will not likely be able to issue Additional Adjustable Rate Bonds. See “SECURITY FOR THE SERIES 2020 BONDS” herein.

Outstanding Bonds

In 2017, the Community Facilities District issued Fixed Rate Bonds including \$203,815,000 principal amount of Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds consisting of \$53,040,000 principal amount of Special Tax Bonds, Series 2017 A, \$43,010,000 principal amount of Special Tax Bonds, Series 2017 B, \$33,325,000 principal amount of Special Tax Bonds, Series 2017 C, and \$74,440,000 principal amount of Special Tax Bonds, Series 2017 D (the “Series 2017 Bonds”) in accordance with the Fourth Supplemental Indenture, dated as of June 1, 2017. The Series 2017 Bonds were issued in order to pay a portion of the cost of facilities owned and operated by the School District, and to purchase and amend a portion of the Community Facilities District’s outstanding Adjustable Rate Bonds to Fixed Rate Bonds. The Series 2017 Bonds are payable on a parity with the Series 2018 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

In 2018, the Community Facilities District issued Fixed Rate Bonds including \$38,465,000 principal amount of the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2018 A (the “Series 2018 Bonds”) in accordance with the Fifth Supplemental Indenture, dated as of June 1, 2018. The Series 2018 Bonds were issued in order to purchase and amend a portion of the Community Facilities District’s outstanding Adjustable Rate Bonds to Fixed Rate Bonds. The Series 2018 Bonds are payable on a parity with the Series 2017 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

In 2019, the Community Facilities District issued Fixed Rate Bonds including \$86,845,000 principal amount of the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2019 A (the “Series 2019 Bonds”) in accordance with the Sixth Supplemental Indenture, dated as of September 1, 2019, in order to purchase and amend a portion of the Community Facilities District’s outstanding Adjustable Rate Bonds to Fixed Rate Bonds. The Series 2019 Bonds are payable on a parity with the Series 2017 Bonds, the Series 2018 Bonds, the Series 2020 Bonds and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

Like the Special Tax Bonds, Series 2017 A, Special Tax Bonds, Series 2017 B, Special Tax Bonds, Series 2017 C, the Series 2018 Bonds and the Series 2019 Bonds, the Series 2020 Bonds will constitute an amendment of a specific Series of outstanding Adjustable Rate Bonds (the last currently outstanding Adjustable Rate Bonds) to Fixed Rate Bonds in accordance with the Indenture, the effective date of such amendment being date of delivery of the Series 2020 Bonds. The Series 2020 Bonds will be payable on a parity with Series 2017 Bonds, the Series 2018 Bonds, the Series 2019 Bonds and any Additional Fixed Rate Bonds to be issued, payable from Net Tax Roll Revenues as provided herein on a parity with all other Fixed Rate Bonds Outstanding under the Indenture.

Additional Bonds may be issued pursuant to the terms of the Indenture on a parity with Series 2017 Bonds, Series 2018 Bonds, Series 2019 Bonds, and Series 2020 Bonds, and any Additional Fixed Rate Bonds payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT – INDENTURE – Additional Bonds – Conditions for the Issuance of Additional Fixed Rate Bonds” and “– Procedure for the Issuance of Fixed Rate Bonds and Additional Adjustable Rate Bonds.”

Adjustable Rate Bonds are outstanding under the Indenture, as of April 1, 2020, as set forth in the table below, and all of the Outstanding Series 2014 B Bonds are being amended to be a Series of Fixed Rate Bonds to be designated the Series 2020 Bonds on the Closing Date (which is the effective date of the amendment of such Series 2014 B Bonds to be the Series 2020 Bonds and, therefore, the Mandatory Purchase Date for such Series 2014 B Bonds) as set forth in the table below:

Issue	Series 2014 B Bonds
Dated Date	10/30/2014
Final Maturity	9/1/2054
Original Par	\$100,965,000
Principal Outstanding	100,965,000
Amend to Fixed	100,965,000*
Current Letter of Credit Expiration Date	10/5/2020
	Sumitomo Mitsui

The Indenture provides for the payment of such Adjustable Rate Bonds, after the payment of debt service on Fixed Rate Bonds, based on the months in which Tax Roll Revenues are received, as provided in the Indenture, first, from proceeds of draws made under the Letter of Credit securing the payment of such Series of Adjustable Rate Bonds pursuant to the Indenture and, second, from Net Adjustable Rate Revenues. See “SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account.”

* Preliminary, subject to change.

Existing Liens

The property within the Community Facilities District and CFD No. 08-1 is subject to general obligation bonded indebtedness of The Metropolitan Water District of Southern California and improvement districts of the Irvine Ranch Water District, and assessment liens imposed by the City for several assessment and reassessment districts, the boundaries of which overlap some or all of the Community Facilities District and CFD No. 08-1. The residential units in the Community Facilities District and CFD No. 08-1 are also subject to an annual maintenance assessment levied by the City for street lighting, landscape and park maintenance and an annual recreational assessment levied by the School District for the installation, maintenance and servicing of recreational improvements. The liens for the Special Taxes and the CFD No. 08-1 Special Taxes is co-equal to the liens for the annual maintenance assessment, the recreation assessment and the liens for general property taxes. See “SPECIAL TAXES AND TAX ROLL REVENUES – Direct and Overlapping Debt.”

Except as described above, the Community Facilities District is unaware of any present or contemplated assessment district or community facilities district that includes property within any of the Community Facilities District or CFD No. 08-1. However, the property in the Community Facilities District and in CFD No. 08-1 is subject to the levy of an *ad valorem* tax to pay debt service on bonds issued by The Metropolitan Water District of Southern California and improvement districts of the Irvine Ranch Water District. See “SPECIAL TAXES AND TAX ROLL REVENUES – Direct and Overlapping Debt.”

Covenant for Superior Court Foreclosure

In the event of a delinquency in the payment of any installment of Special Taxes, the Community Facilities District is authorized by the Act to order institution of an action in the Superior Court of the State to foreclose any lien therefor. Likewise, in the event of a delinquency in the payment of any Installment Payment resulting from a delinquency in the payment of any installment of CFD No. 08-1 Special Taxes, CFD No. 08-1 is authorized by the Act and the Installment Purchase Agreement to order institution of an action in the Superior Court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes and CFD No. 08-1 Special Taxes, as applicable, may be sold at a judicial foreclosure sale. Such judicial foreclosure proceedings are not mandatory. Each of the Community Facilities District and CFD No. 08-1 is a participant in the County’s Teeter Plan, which is an alternative method for the distribution of secured property taxes to local agencies. See “– The Teeter Plan” below. So long as the Community Facilities District and the CFD No. 08-1 remains a participant in the County’s Teeter Plan and is paid under the Teeter Plan for, respectively, all Special Taxes and CFD No. 08-1 Special Taxes levied, the proceeds of any foreclosure sale will be paid to the County’s Teeter Plan and not to the Community Facilities District or CFD No. 08-1, as applicable.

The Community Facilities District has agreed under the Indenture that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes. If such delinquencies in the payment of Special Taxes levied on Tax Roll Property exist, the Community Facilities District shall order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the Superior Court to foreclose the lien of any such Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of such foreclosure proceedings if (a) the total Special Tax delinquency for Tax Roll Property for such Fiscal Year is less than 5% of the total Special Taxes levied on Tax Roll Property in such Fiscal Year, and (b) the amount then on deposit in the Fixed Rate Reserve Fund is at least equal to the Reserve Requirement and, provided, further, that, notwithstanding the foregoing, if the Community Facilities District determines that any single property owner is delinquent in excess of \$5,000 in the

payment of Special Taxes levied on Tax Roll Property, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

CFD No. 08-1 has agreed under the Installment Purchase Agreement that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within CFD No. 08-1 are delinquent in the payment of CFD No. 08-1 Special Taxes and, if such delinquencies exist, CFD No. 08-1 shall order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the Superior Court to foreclose the lien of any CFD No. 08-1 Special Taxes or installment thereof not paid when due; provided, however, that CFD No. 08-1 shall not be required to order the commencement of foreclosure proceedings if the total CFD No. 08-1 Special Tax delinquency for such Fiscal Year is less than 5% of the total CFD No. 08-1 Special Tax levied in such Fiscal Year. Notwithstanding the foregoing, if CFD No. 08-1 determines that any single property owner in CFD No. 08-1 is delinquent in excess of \$25,000 in the payment of the CFD No. 08-1 Special Tax, then CFD No. 08-1 shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

The Community Facilities District has agreed under the Indenture, that it will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by it. The Community Facilities District shall cause CFD No. 08-1 to comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by it.

There is no assurance that the property within the Community Facilities District can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on, the Series 2020 Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the Community Facilities District. See “RISK FACTORS – Property Values” herein.

In accordance with the Indenture, if any Event of Default shall occur upon a failure of the Community Facilities District to pay any installment of principal of or interest on any Series 2020 Bonds when and as the same shall become due and payable, and if no Insurer Default shall have occurred and be continuing, then, and in each and every such case during the continuance of such Event of Default, the Trustee, at the written direction of the Insurer, and upon being indemnified to its satisfaction therefor, shall commence foreclosure against any parcels of Tax Roll Property with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

Prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete resolution of the arrearage. In the event of delinquencies in the payment of Special Taxes and CFD No. 08-1 Special Taxes, respectively, for the Community Facilities District and CFD No. 08-1, respectively, there could be a default or a delay in payments of debt service on the Series 2020 Bonds pending prosecution of foreclosure proceedings and receipt by the Community Facilities District or CFD No. 08-1, respectively, of foreclosure sale proceeds, if any.

The ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes and the ability of CFD No. 08-1 to foreclose the lien of delinquent CFD No. 08-1 Special Taxes, respectively, may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See “RISK FACTORS – Bankruptcy,” “– Billing of Special Taxes” and “– Payments by FDIC and Other Governmental Agencies.”

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the Community Facilities District or CFD No. 08-1, as applicable) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (*i.e.*, a property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; there can be no assurance that, if tested, such legislation will be upheld.

The Teeter Plan

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of the Teeter Plan by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. See “RISK FACTORS – Emergency Preparedness; Coronavirus (COVID-19)” for the potential of a grant of waivers on penalties, based on application and approval, benefiting taxpayers that do not make timely payment of property taxes, including the Special Taxes and CFD No. 08-1 Special Taxes, due to the COVID-19 virus.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. The Orange County Board of Supervisors adopted the Teeter Plan on June 29, 1993 and has elected to include in its Teeter Plan special taxes levied in certain community facilities districts, including the Community Facilities District and CFD No. 08-1, on the secured roll.

Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. See “RISK FACTORS – Teeter Plan Termination.” The County has never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of special taxes and assessments (if a county has elected to include assessments), 100% of the special tax delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the special tax. After the initial distribution,

each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a *pro-rata* adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, the County's Teeter Plan may help protect the Owners of the Series 2020 Bonds from the risk of delinquencies in Special Taxes and CFD No. 08-1 Special Taxes, respectively.

BOND INSURANCE FOR INSURED SERIES 2020 BONDS

Bond Insurance Policy

Concurrently with the issuance of the Series 2020 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Series 2020 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2020 Bonds when due as set forth in the form of the Policy included as an exhibit 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 Series 2020 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 Series 2020 Bonds. BAM only guarantees scheduled principal and scheduled interest

payments payable by the issuer of the Insured Series 2020 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 Series 2020 Bonds, nor does it guarantee that the rating on the Insured Series 2020 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.9 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 Series 2020 Bonds or the advisability of investing in the Insured Series 2020 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "BOND INSURANCE FOR INSURED SERIES 2020 BONDS".

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 Series 2020 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 Series 2020 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Insured Series 2020 Bonds, whether at the initial offering or otherwise.

THE COMMUNITY FACILITIES DISTRICT

General

The Community Facilities District consists of approximately 4,860 gross acres of land located in the School District north of the Santa Ana Freeway (I-5) in the neighborhoods of Portola Springs, Woodbury and Woodbury East, Stonegate and Stonegate East, Cypress Village, Orchard Hills and Eastwood, and south of the San Diego Freeway (I-405) in the neighborhoods of Laguna Altura, Los Olivos and Hidden Canyon, all within the City of Irvine.

As of June 30, 2019, Developed Property within the Community Facilities District consisted of a total of 16,888 residential units, with single-family homes and condominiums constituting 11,346 of such units and the remaining 5,542 units constituting apartments located in Portola Springs, Cypress Village, and Los Olivos. A Mitigation Agreement (as defined below) would allow for the development of up to 20,480 residential units within the Community Facilities District. Final Map Property, consisting of subdivided lots for the development of approximately 1,653 units, and approximately 769 acres of Undeveloped Property, was not levied a Special Tax in Fiscal Year 2019-20. From July 1, 2019 through February 14, 2020 building permits were issued for approximately 981 units within the Community Facilities District that will be levied the Special Tax beginning in Fiscal Year 2020-21 bringing the total of residential units that will be levied the Special Tax in Fiscal Year 2020-21 within the Community Facilities District to 17,869. The Community Facilities District cannot predict when or if such development will be completed or if it will be completed pursuant to current development plan of 20,480 units.

Summary of Community Facilities District Proceedings

Pursuant to the Act, in 2009, the Board of Education commenced proceedings to establish the Community Facilities District by adopting a resolution stating its intention to establish the Community Facilities District and to authorize the levy of special taxes within the boundaries of the Community Facilities District and a separate resolution stating its intention to have the Community Facilities District incur a bonded indebtedness in an amount not to exceed \$1.2 billion.

Following public hearings conducted pursuant to the provisions of the Act, on July 14, 2009, the Board of Education adopted a resolution establishing the Community Facilities District and approving the Rate and Method. On the same date, the Board of Education also adopted a resolution determining the necessity to have the Community Facilities District incur up to \$1.2 billion of bonded indebtedness. Both resolutions called for a special election to submit propositions to authorize the levy of the Special Tax and incurring of the bonded indebtedness to the qualified electors of the Community Facilities District.

At a special election held on July 14, 2009, the owners of the property within the boundaries of the Community Facilities District authorized the Community Facilities District to incur a bonded indebtedness in an amount not to exceed \$1.2 billion and approved the Rate and Method to pay the principal of and interest on all bonds issued by the Community Facilities District. On August 25, 2009, the Board of Education, acting as the legislative body of the Community Facilities District, adopted Ordinance No. 09/10-1 authorizing the levy of the Special Taxes within the Community Facilities District.

See “SECURITY FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment” for a discussion of the Rate and Method.

The Community Facilities District is a legally constituted governmental entity established pursuant to the Act for the sole purpose of financing school facilities. Pursuant to the Act, the Board of Education of the School District is the legislative body of the Community Facilities District.

Mitigation Agreement

In order to provide school facilities that the School District and The Irvine Company expected to be necessary in order to mitigate the effects of student population anticipated to be generated as a result of development of certain property then owned by The Irvine Company, The Irvine Company and the School District in 1985 entered into a mitigation agreement (the “Original Mitigation Agreement”) which incorporated by reference the School Facilities Plan and Report for CFD No. 86-1 of the Irvine Unified School District. The Original Mitigation Agreement anticipated financing school facilities through the formation of, the levy of special taxes of, and the issuance of bonds of CFD No. 86-1.

In 2002, the School District, The Irvine Company and certain of its related and predecessor entities, entered into a supplement to the Original Mitigation Agreement in order to address impacts from development of certain planning areas in CFD No. 86-1, including Planning Area 1 and Planning Area 2 (jointly referred to therein as Orchard Hills), Planning Area 5B, Planning Area 6 (referred to therein as Portola Springs), Planning Area 8B (referred to therein as Northwood), Planning Area 8A (referred to therein as Northwood), Planning Area 9A (referred to therein as Woodbury) and Planning Area 9B (referred to therein as Stonegate), which were not specifically identified in the Original Mitigation Agreement. Subsequent to 2002, the City of Irvine’s General Plan was revised to permit residential development in Planning Area 9C-1 and Planning Area 9C-2 (referred to as Woodbury East and Stonegate East, respectively) and Planning Area 40 (referred to as Cypress Village). Various community facilities districts were formed by the School District, some of which had issued bonded indebtedness (including CFD No. 06-1 and CFD No. 07-1), and were authorized to incur bonded indebtedness to fund school facilities.

In 2009, a new mitigation agreement (the “Mitigation Agreement”) was entered into as of August 31, 2009 by and among the School District and various community facilities districts formed by the School District, The Irvine Company, LLC, a Delaware limited liability company and Irvine Community Development Company, LLC, a Delaware limited liability company in order to (a) identify and provide certain methods of financing “Additional School Facilities” (as defined in the Mitigation Agreement) in order to mitigate the school facilities impacts of the development of the areas identified in the Mitigation Agreement, (b) restructure debt associated with certain existing community facilities districts (CFD No. 06-1 and CFD No. 07-1) and (c) supersede the Original Mitigation Agreement, as amended. In 2010, the Community Facilities District issued Special Tax Notes to prepay the obligation to pay the special taxes of CFD No. 06-1 within the area of the Community Facilities District and the lien of CFD No. 06-1 on parcels within the Community Facilities District was released. In addition, amounts available to the School District were applied to the redemption of CFD No. 07-1 notes and CFD No. 07-1

was dissolved. The Mitigation Agreement was amended twice thereafter to allow for the development of up to 26,879 residential units within the planning areas included in the map included in Appendix G hereto in accordance with the terms of the Mitigation Agreement (857 residential units within CFD No. 08-1) of which approximately 20,480 units will be within the Community Facilities District.

See a description of planning areas and images of the referenced planning areas included in APPENDIX G – “AERIAL PHOTOGRAPHS OF DEVELOPED PROPERTY WITHIN PLANNING AREAS WITHIN CFD NO. 09-1 AND CFD NO. 08-1.”

CFD NO. 08-1

General

CFD No. 08-1 consists of approximately 36 gross acres of land located in the School District north of the Santa Ana Freeway (I-5) in the neighborhood of Stonegate within the City of Irvine.

Developed Property within CFD No. 08-1 consists of a total of 857 residential units constituting two apartment communities: Mirasol with 329 units and Palmeras with 528 units, all of which have been levied the CFD No. 08-1 Special Tax since Fiscal Year 2011-12. CFD No. 08-1 is fully developed. There is no undeveloped property in CFD No. 08-1.

CFD No. 08-1, located within Planning Area 9B, the neighborhood of Stonegate (including the Mirasol and Palmeras Apartments) was in the boundaries of CFD No. 07-1, which was formed by the School District in February 2007. Building permits were issued in October and November 2007 for all 857 apartment units, and as such, the CFD No. 07-1 Special Tax was levied beginning with the 2008-09 Fiscal Year. The Mitigation Agreement provided for the dissolution of CFD No. 07-1 and the inclusion of land in Stonegate (Planning Area 9B) within the boundaries of the Community Facilities District. However, the Community Facilities District formation did not occur prior to the occupancy of the Mirasol and Palmeras Apartments, so a landowner election was held on November 18, 2008 to form CFD No. 08-1 to provide for the levy of the CFD No. 08-1 Special Taxes on the 857 Stonegate Apartment units when and if CFD No. 07-1 was dissolved. The Mirasol and Palmeras Apartments continued to pay the CFD No. 07-1 special tax through the 2010-11 tax year, when CFD No. 07-1 was dissolved. The CFD No. 08-1 Special Tax was levied beginning with the 2011-12 tax year.

See a description of Planning Area 9B (Stonegate) and an aerial photograph included in APPENDIX G – “AERIAL PHOTOGRAPHS OF DEVELOPED PROPERTY WITHIN PLANNING AREAS WITHIN CFD NO. 09-1 AND CFD NO. 08-1.”

Summary of CFD No. 08-1 Proceedings

Pursuant to the Act, in 2008, the Board of Education commenced proceedings to establish CFD No. 08-1 by adopting a resolution stating its intention to establish CFD No. 08-1 and to authorize the levy of special taxes within the boundaries of CFD No. 08-1 and a separate resolution stating its intention to have CFD No. 08-1 incur a bonded indebtedness in an amount not to exceed \$19,000,000.

Following public hearings conducted pursuant to the provisions of the Act, on November 18, 2008, the Board of Education adopted a resolution establishing CFD No. 08-1 and approving the CFD No. 08-1 Rate and Method. On the same date, the Board of Education also adopted a resolution determining the necessity to have CFD No. 08-1 incur up to \$19,000,000 of bonded indebtedness. Both resolutions called for a special election to submit propositions to authorize the levy of the special tax and incurring of the bonded indebtedness to the qualified electors of CFD No. 08-1.

At a special election held on November 18, 2008, the owners of the property within the boundaries of CFD No. 08-1 authorized CFD No. 08-1 to incur a bonded indebtedness in an amount not to exceed \$19,000,000 and approved the CFD No. 08-1 Rate and Method to pay the principal of and interest on all bonds issued by CFD No. 08-1. On December 9, 2008, the Board of Education, acting as the legislative body of CFD No. 08-1, adopted Ordinance No. 08/09-1 authorizing the levy of the special taxes within CFD No. 08-1.

See “SECURITY FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment” for a discussion of the CFD No. 08-1 Rate and Method.

CFD No. 08-1 is a legally constituted governmental entity established pursuant to the Act for the sole purpose of financing school facilities. Pursuant to the Act, the Board of Education of the School District is the legislative body of CFD No. 08-1.

For a discussion of the Mitigation Agreement, see “THE COMMUNITY FACILITIES DISTRICT – Mitigation Agreement” above.

SPECIAL TAXES AND TAX ROLL REVENUES

Special Tax Levy – Developed Property

As of June 30, 2019, Developed Property within the Community Facilities District consisted of a total of 16,888 residential units, with single-family homes and condominiums constituting 11,346 of such units and the remaining 5,542 residential units constituting apartments. Final Map Property, consisting of subdivided lots for the development of approximately 1,653 units, and approximately 769 acres of Undeveloped Property, was not levied a Special Tax in Fiscal Year 2019-20. From July 1, 2019 through February 14, 2020 building permits were issued for approximately 981 units within the Community Facilities District that will be levied the Special Tax beginning in Fiscal Year 2020-21 bringing the total of residential units that will be levied the Special Tax in Fiscal Year 2020-21 within the Community Facilities District to 17,869 units.

Developed Property within CFD No. 08-1 consists of a total of 857 residential units constituting apartments located in the Stonegate neighborhood, aggregating 857 units (Mirasol with 329 units and Palmeras with 528 units).

Special Taxes and CFD No. 08-1 Special Taxes were levied against 11,158 parcels improved with 17,745 dwelling units in Fiscal Year 2019-20 (including 6,399 apartment dwelling units on 25 parcels) taxed as Developed Property in the Community Facilities District and CFD No. 08-1.

The Rate and Method of Apportionment for the Community Facilities District describes the Maximum Special Tax as \$1,700 per developed unit less the special tax levied for CFD No. 86-1, and the CFD No. 08-1 Rate and Method of Apportionment describes the CFD No. 08-1 Maximum Special Tax as \$1,100 per developed unit less the CFD No. 86-1 special tax (*i.e.*, the Maximum Special Tax applicable to each Assessor’s Parcel of Developed Property shall be the remainder of (i) the product of \$1,700.00 per Dwelling Unit multiplied by the number of Dwelling Units for which building permits have been issued for the Assessor’s Parcel minus (ii) the CFD No. 86-1 Actual Special Tax levied on such Assessor’s Parcel in such Fiscal Year, if any); provided that commencing with the Special Tax levy for the Community Facilities District in Fiscal Year 2020-21, there will be no offset attributable to the CFD No. 86-1 Actual Special Tax. See “SECURITY FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment” and APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1).” The issuance of a building permit by June 30 causes the annual special tax to be

levied in the next Fiscal Year. The following Table 1 shows the aggregate special taxes levied in Fiscal Year 2019-20 for the Community Facilities District and CFD No. 08-1.

Table 1
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
(Special Taxes Levied on Developed Property⁽¹⁾)
Fiscal Year 2019-20

	Density Class	2019-20 Units	CFD No. 86-1 Special Tax	2019-20 Special Tax	2019-20 Special Tax Revenue ⁽²⁾
<u>CFD No. 09-1:</u>					
1	0.0 to 8.5 units per acre	1,578	\$684.69	\$1,015.31	\$ 1,602,159.18
2	8.6 to 13.5 units per acre	6,325	622.45	1,077.55	6,815,503.75
3	13.6 to 20.0 units per acre	2,389	560.20	1,139.80	2,722,982.20
4	More than 20 units per acre	2,698	497.96	1,202.04	3,243,103.92
5	Not part of CFD No. 86-1	3,898	--	1,700.00	6,626,600.00
	Subtotal	16,888			\$21,010,349.05
<u>CFD No. 08-1:</u>					
	CFD No. 08-1 (Class 4) ⁽³⁾	857	\$497.96	\$ 602.04	\$ 515,948.28
	Total	17,745			\$21,526,297.33

⁽¹⁾ In strata by density class based on the CFD No. 86-1 density classes. Table 1 indicates special tax levies by density class in CFD No. 86-1, because the Special Tax amount is affected by the amount of the CFD No. 86-1 Special Tax.

⁽²⁾ Fiscal Year 2019-20 Special Tax Revenue includes proceeds of the special tax levy by the Community Facilities District and CFD No. 08-1. The amount attributable to CFD No. 08-1 is greater than annual Installment Payments under the Installment Purchase Agreement.

⁽³⁾ Available to make Installment Payments pursuant to the Installment Purchase Agreement of \$500,000 annually through Fiscal Year 2019-20 (the final year for levy of the CFD No. 86-1 special tax) and approximately \$919,000 annually thereafter through September 1, 2038, with a final installment of \$21,208 due on January 15, 2039 (which final installment date is approximately 15 years prior to the final maturity date of the Series 2020 Bonds).

Source: Scott Associates.

From July 1, 2019 through February 14, 2020 building permits were issued for approximately 981 units within the Community Facilities District that will be levied the Special Tax beginning in Fiscal Year 2020-21. The following Table 2 shows the aggregate estimated Fiscal Year 2020-21 special taxes to be levied for the Community Facilities District and CFD No. 08-1.

Table 2
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
(Special Taxes To Be Levied on Developed Property⁽¹⁾)
Estimated Fiscal Year 2020-21 Special Taxes Levy

	Density Class	2020-21 Units	CFD No. 86-1 Special Tax	2020-21 Special Tax	2020-21 Special Tax Revenue ⁽²⁾
<u>CFD No. 09-1:</u>					
1	0.0 to 8.5 units per acre	1,739	--	\$1,700	\$ 2,956,300
2	8.6 to 13.5 units per acre	6,493	--	1,700	11,038,100
3	13.6 to 20.0 units per acre	2,415	--	1,700	4,105,500
4	More than 20 units per acre	2,698	--	1,700	4,586,600
5	Not part of CFD No. 86-1	4,524	--	1,700	7,690,800
	Subtotal	17,869	--		\$ 30,377,300
<u>CFD No. 08-1:</u>					
	CFD No. 08-1 (Class 4) ⁽³⁾	857	--	\$1,100	\$ 942,700
	Total	18,726	--		\$ 31,320,000

(1) In strata by density class based on the CFD No. 86-1 density classes. Includes 981 units for which building permits were issued from July 1, 2019 through February 14, 2020. Table 2 indicates special tax levies by density class in CFD No. 86-1, because the Special Tax amount is affected by the amount of the CFD No. 86-1 Special Tax which will cease in Fiscal Year 2020-21.

(2) Fiscal Year 2020-21 Special Tax Revenue includes proceeds of the special tax levy by the Community Facilities District and CFD No. 08-1. The amount attributable to CFD No. 08-1 is greater than annual Installment Payments under the Installment Purchase Agreement. Total revenues are estimated as of February 14, 2020.

(3) Available to make Installment Payments pursuant to the Installment Purchase Agreement of \$500,000 annually through Fiscal Year 2019-20 (the final year for levy of the CFD No. 86-1 special tax) and approximately \$919,000 annually thereafter through September 1, 2038 and a final Installment Payment of \$21,208 due on January 15, 2039 (which is approximately 15 years prior to the final maturity date of the Series 2020 Bonds).

Source: Scott Associates.

Special Tax Collections

Special Taxes will be levied to the extent and in the manner set forth in the Indenture and Rate and Method. The full text of the Rate and Method is set forth in Appendix A hereto. CFD No. 08-1 Special Taxes will be levied to the extent and in the manner set forth in the Installment Purchase Agreement and the CFD No. 08-1 Rate and Method. The full text of the CFD No. 08-1 Rate and Method is set forth in Appendix B hereto. See also “SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment” and “– CFD No. 08-1 Rate and Method of Apportionment.” Historically, the Special Tax has been levied only on Developed Property within the Community Facilities District and on Developed Property within the CFD No. 08-1 in accordance with the Installment Purchase Agreement.

The aggregate special tax levy for the Community Facilities District and CFD No. 08-1 for Fiscal Year 2019-20 is \$21,526,297, with \$10,763,149 being due on December 10, 2019 and April 10, 2020. According to a delinquency report by the Orange County Treasurer-Tax Collector, as of January 10, 2020, the delinquency rate was 01.29% with parcels within the Community Facilities District and CFD No. 08-1 being delinquent for a total of \$139,510 (all of which occurred in the Community Facilities District).

As of March 12, 2020, the total special tax revenue collected was \$13,251,071 which is approximately 61.6% of the aggregate special tax levy for Fiscal Year 2019-20. The next apportionment of special tax revenue is scheduled for April 23, 2020, representing the amount of special taxes paid since March 12, 2020, including any amounts paid by the second installment due date of April 10, 2020. The Orange County Treasurer-Tax Collector is expected to provide a delinquency report by May 25, 2020 identifying the tax payment status of each parcel in the Community Facilities District and CFD No. 08-1 as of the second installment due date. In an attempt to provide the Community Facilities District with an indication of recent collections, the CFD Administrator researched the second installment payment status of 25 Apartment parcels, responsible for \$4,313,173 of the amount of special taxes due by April 10, 2020. According to the Orange County Treasurer-Tax Collector website, the property taxes were paid on April, 10, 2020 for each Apartment parcel with the exception of one which was paid on April 8, 2020.

The following Table 3 sets forth a summary of historic special tax collections and delinquencies on Developed Property within the Community Facilities District and CFD No. 08-1 for each Fiscal Year since the inception of the special tax, and the amounts remaining delinquent as of the end of each Fiscal Year and through the end of Fiscal Year 2018-19, all according to the records of the Orange County Treasurer-Tax Collector.

Table 3
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Special Tax Collections and Delinquency Rates⁽¹⁾⁽²⁾⁽³⁾

Fiscal Year	Parcels Levied	Aggregate Special Tax Levy	Special Tax Paid	Number of Parcels Delinquent⁽⁴⁾	Amount Delinquent 6/30 of the Fiscal Year	Percent Delinquent 6/30 of the Fiscal Year	Number of Parcels Delinquent as of 6/30/2019	Amount Remaining Delinquent as of 6/30/2019	Delinquency Rate as of 6/30/2019
2010-11	318	\$ 752,887	\$ 719,419	5	\$ 33,468	4.45%	0	\$ 0	0.00%
2011-12	968	4,317,595	4,250,148	61	67,446	1.56	0	0	0.00
2012-13	1,871	6,865,693	6,838,525	37	27,168	0.40	0	0	0.00
2013-14	2,941	9,989,728	9,952,482	43	37,246	0.37	0	0	0.00
2014-15	4,457	11,990,162	11,944,218	55	45,944	0.38	0	0	0.00
2015-16	5,798	14,435,177	14,390,789	54	44,388	0.31	2	1,109	0.01
2016-17	7,264	16,334,460	16,257,018	69	77,442	0.47	6	6,777	0.04
2017-18	8,703	17,989,808	17,916,873	98	72,935	0.43	11	12,559	0.07
2018-19 ⁽⁴⁾	10,068	19,637,615	19,529,690	121	107,925	0.55	121	107,925	0.55

⁽¹⁾ The levy of Special Taxes commenced in Fiscal Year 2010-11 for the Community Facilities District and in Fiscal Year 2011-12 for CFD No. 08-1.

⁽²⁾ The Community Facilities District and CFD No. 08-1 each participate in the County's Teeter Plan, which is an alternative method for the distribution of secured property taxes to local agencies. See "SECURITY FOR THE SERIES 2020 BONDS – The Teeter Plan" above.

⁽³⁾ Aggregate Special Tax Levy and Special Tax Paid includes proceeds of the Community Facilities District and CFD No. 08-1. The amount attributable to CFD No. 08-1 is greater than annual Installment Payments under the Installment Purchase Agreement.

⁽⁴⁾ No apartment parcel has been delinquent in the Community Facilities District or in CFD No. 08-1 since the respective Special Tax levies commenced.

Source: Scott Associates.

Property Values

Assessed Values

The Fiscal Year 2019-20 aggregate assessed valuation of the residential property within the Community Facilities District and CFD No. 08-1 is \$11,239,586,881. The following Table 4 shows the assessed value for Developed Property in the Community Facilities District and CFD No. 08-1 for Fiscal Years 2010-11 through 2019-20.

Table 4
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Historical Assessed Value
Developed Property

Fiscal Year	Single-Family Units	Assessed Value (Single-Family)	Apartment Units⁽¹⁾	Assessed Value (Apartments)	Total Units	Total Assessed Value	Percent Change
2010-11	676	\$ 44,107,956	0	\$ 0	676	\$ 44,107,956	--
2011-12	1,558	577,554,900	2,534	126,193,952	4,092	703,748,852	1,495.51%
2012-13	2,146	937,856,753	3,624	213,657,926	5,770	1,151,514,679	63.63
2013-14	3,786	1,533,425,475	4,284	406,490,429	8,070	1,939,915,904	68.47
2014-15	5,080	2,713,882,918	4,769	662,617,946	9,849	3,376,500,864	74.05
2015-16	6,798	4,006,160,237	5,207	714,613,748	12,005	4,720,773,985	39.81
2016-17	8,064	5,240,112,917	5,463	767,914,733	13,527	6,008,027,650	27.27
2017-18	9,554	6,894,023,500	5,463	898,022,418	15,017	7,792,045,918	29.69
2018-19	10,868	8,768,186,293	5,600	862,473,477	16,468	9,630,659,770	23.59
2019-20	11,346	10,339,311,061	6,399	900,275,820	17,745	11,239,586,881	16.71

⁽¹⁾ Includes 857 units in CFD No. 08-1. The levy of Special Taxes commenced in Fiscal Year 2010-11 for the Community Facilities District and the levy of CFD No. 08-1 Special Taxes commenced in Fiscal Year 2011-12 for CFD No. 08-1.

Source: Scott Associates.

Attached as APPENDIX H – “PARCEL LIST OF APARTMENT PROPERTIES (ASSESSED VALUE AND VALUE-TO-LIEN)” is a detailed list of apartment properties by parcel number of the apartment properties in the Community Facilities District and in CFD No. 08-1. Such list is provided for informational purposes only. See “RISK FACTORS – Parcel List of Apartment Properties (Assessed Value and Value-to-Lien).”

Table 5, which follows, sets forth the annual and total number of building permits by planning area for Developed Property in the Community Facilities District and CFD No. 08-1 for Fiscal Years 2010-11 through 2019-20, and for Fiscal Year 2020-21, the number of building permits issued as of February 14, 2020.

Table 6 presents a summary of the taxes and assessments shown on the County of Orange 2019-20 Secured Tax Bills for certain sample properties identified by Assessor’s Parcel Number and density class based on the CFD No. 86-1 density classes utilized in Table 1 and Table 2 above.

Table 5
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Building Permits by Neighborhood (Planning Area)
Developed Property

Fiscal Year of Permit	Portola Springs (PA 6)	Woodbury & Stonegate (PA 9)	Cypress Village (PA 40)	Laguna Altura & Hidden Canyon (PA 18)	Los Olivos (PA 39)	Orchard Hills (PA 1)	Eastwood (PA 5)	Annual Total	Cumulative Total	Fiscal Year Taxed
Prior to 2010-11	118	558	0	0	0	0	0	676	676	2010-11
2010-11 ⁽¹⁾	263	1,343	1,677	133	0	0	0	3,416	4,092	2011-12
2011-12	184	318	0	86	1,090	0	0	1,678	5,770	2012-13
2012-13	276	918	86	360	660	0	0	2,300	8,070	2013-14
2013-14	340	307	1,091	18	0	23	0	1,779	9,849	2014-15
2014-15	614	188	843	49	0	462	0	2,156	12,005	2015-16
2015-16	688	152	149	139	0	85	309	1,522	13,527	2016-17
2016-17	331	118	231	68	0	31	711	1,490	15,017	2017-18
2017-18	376	3	168	2	159	209	534	1,451	16,468	2018-19
2018-19 ⁽²⁾	194	0	0	0	835	192	56	1,277	17,745	2019-20
2019-20 ⁽³⁾	167	0	0	0	626	180	8	981	18,726	2020-21
Total Developed Property	3,551	3,905	4,245	855	3,370	1,182	1,618	18,726		
Final Map Property⁽⁴⁾	665	0	0	0	85	342	180	1,272		
Total Units	4,216	3,905	4,245	855	3,455	1,524	1,798	19,998		

⁽¹⁾ Planning Area 9 - Stonegate includes 857 Apartment Units for CFD No. 08-1. Although the building permits were issued in 2007, the apartments were not subject to the CFD No. 08-1 Special Tax until Fiscal Year 2011-12.

⁽²⁾ Building permits issued as of June 30, 2019, and levied the Special Tax in Fiscal Year 2019-20. See Table 1.

⁽³⁾ Building permits issued as of February 14, 2020, and levied the Special Tax in Fiscal Year 2020-21. See Table 2.

⁽⁴⁾ Final Map Property is a subdivided lot for which no building permit was issued as of February 14, 2020.

Source: Scott Associates.

Table 6
Irvine Unified School District
The Community Facilities District
Sample Tax Bills
2019-20 Secured Tax Bills⁽¹⁾⁽²⁾

	Class 1	Class 2	Class 3	Class 4	Class 5
Planning Area	PA 40 Cypress Village	PA 1 Orchard Hills	PA 6N2 Portola Springs	PA 9c-1 Woodbury East	PA 18a Laguna Altura
APN	104-682-47	938-227-18	934-743-07	934-753-21	588-271-50
Property Type	SFD	Condo	Condo	Condo	SFD
Tract: Lot	17415: 94	16724: 90	16893: 30	17343: 07	17372: 67
Base Year of Value	2015	2015	2013	2019	2013
Land Value	\$ 700,891	\$ 603,739	\$ 528,641	\$ 397,700	\$ 726,259
Improvements	566,053	316,364	350,490	199,000	522,759
Total Value	\$1,266,944	\$ 920,103	\$ 879,131	\$ 596,700	\$1,249,018
Value Based Taxes	\$13,127.14	\$ 9,649.79	\$ 8,970.07	\$6,099.23	\$12,667.00
Special Assessments	3,057.14	3,609.05	4,026.51	2,711.03	4,603.26
Total Tax Bill	\$16,184.28	\$13,258.84	\$12,996.58	\$8,810.26	\$17,270.26
Total Tax as % of Value	1.28%	1.44%	1.48%	1.48%	1.38%

⁽¹⁾ Summary of taxes and assessments shown on the County of Orange 2019-20 Secured Tax Bill for the properties identified by Assessor's parcel number.

⁽²⁾ Table 6 indicates the sample tax bills for Fiscal Year 2019-20 by class as shown in Table 1.

Sources: Scott Associates and Orange County Treasurer-Tax Collector.

Direct and Overlapping Debt

Contained within the Community Facilities District and in CFD No. 08-1 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following Table 7 illustrates the direct and overlapping debt within the Community Facilities District and in CFD No. 08-1 as of April 1, 2020.

Table 7
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Direct and Overlapping Debt

2019-20 Local Secured Assessed Valuation: \$11,239,586,881 (Developed Property)

	<u>% Applicable</u>	<u>Debt 4/1/20</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
The Metropolitan Water District of Southern California	0.362%	\$ 134,884
Irvine Ranch Water District Improvement Districts	12.202 – 67.492	70,931,926 ⁽¹⁾
Irvine Unified School District Community Facilities District No. 86-1	27.171	3,961,516 ⁽²⁾
Irvine Unified School District Community Facilities District No. 08-1	100.000	11,799,505⁽³⁾
Irvine Unified School District Community Facilities District No. 09-1	100.000	101,965,000⁽⁴⁾
Irvine Unified School District Community Facilities District No. 09-1	100.000	317,325,495⁽⁵⁾
City of Irvine 1915 Act Bonds	Various	223,982,601 ⁽⁶⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$729,100,927
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	1.787%	\$ 6,911,281
Orange County Pension Obligation Bonds	1.787	1,849,830
Orange County Board of Education Certificates of Participation	1.787	241,071
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 9,002,182
COMBINED TOTAL DEBT		\$738,103,109⁽⁷⁾

Ratios to 2019-20 Local Secured Assessed Valuation:

Direct Debt (\$430,090,000)⁽⁸⁾ 3.83%
Total Direct and Overlapping Tax and Assessment Debt..... 6.49%
Combined Total Debt 6.57%

⁽¹⁾ Improvement District Nos. 125, 225, 153 and 253.

⁽²⁾ Obligations of CFD No. 86-1.

⁽³⁾ Principal component of the obligations payable to the Community Facilities District under the Installment Purchase Agreement.

⁽⁴⁾ The Series 2014 B Bonds issued as Adjustable Rate Bonds and being purchased and amended to Fixed Rate Bonds, outstanding in a principal amount of \$100,965,000.

⁽⁵⁾ Fixed Rate Bonds including the original \$203,815,000 principal amount of Series 2017 Bonds, \$38,465,000 principal amount of Series 2018 Bonds, and \$86,845,000 principal amount of Series 2019 Bonds, less the principal component of the obligations under the Installment Purchase Agreement which is included in footnote (3) above.

⁽⁶⁾ Assessment or Reassessment District Nos. 04-20, 05-21, 07-22, 12-1, 13-1, 13-25, 15-2, and 19-1.

⁽⁷⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

⁽⁸⁾ Direct debt is the sum of the amounts denoted in Footnotes (3), (4) and (5).

Source: California Municipal Statistics Inc.

Set forth in Table 7 is the indebtedness outstanding as of April 1, 2020 payable from taxes, assessments and reassessments levied on property within the Community Facilities District and in CFD No. 08-1. These listed and other public agencies may issue indebtedness or additional indebtedness on property within the Community Facilities District and in CFD No. 08-1 at any time. Not included in Table 7 or elsewhere in this Official Statement with respect to overlapping debt are assessments which may exist on properties within the Community Facilities District and in CFD No. 08-1 for the benefit of Property Assessed Clean Energy (“PACE”) Programs which have been approved in several cities in the County, including Irvine, in collaboration with private sector partners, which provide financing for energy efficiency, renewable energy, and water conservation retrofits on residential and commercial properties. Under this program a property owner is permitted to finance the up-front cost of energy or other eligible improvements on real property, with such costs financed over a term of years through a voluntary assessment attached to the improved property. Payments for such projects and retrofits are secured by assessments on such participating residential and commercial properties. The overlapping debt information included in this Official Statement is necessarily understated by the amount of such assessments on properties within the boundaries of the Community Facilities District and CFD No. 08-1.

Irvine Ranch Water District

The Irvine Ranch Water District (“IRWD”) has created several improvement districts, Nos. 125 and 225 (water and sewer districts, respectively, relating to several improvement districts and planning areas), and 153 and 253 (water and sewer districts, respectively, relating to improvement districts and planning areas including Irvine Business District, Spectrum, Shady Canyon, Laguna Laurel, and East Orange), portions of which overlap certain of the lots within the Community Facilities District and in CFD No. 08-1. Certain of these improvement districts were created by IRWD as a result of combining existing areas. As reported to the Community Facilities District, in December 2013, IRWD completed its Long-Term Capital Funding Plan, which resulted in combining certain developed and developing areas into two separate improvement districts. IRWD ordered (a) the consolidation of Improvement District Nos. 120, 121, 130, 140, 150, 160, 161, 182, 184 and 186, as modified by certain annexations and detachments ordered by the Board of Directors of IRWD (the “IRWD Board”), into a single water improvement district designated “Improvement District No. 125,” and (b) the consolidation of Improvement District Nos. 220, 221, 230, 250, 260, 261, 282, 284 and 286, as modified by certain annexations and detachments ordered by the IRWD Board, into a single sewer improvement district designated “Improvement District No. 225” (the “Consolidation”). Pursuant to the California Water Code, the included amount of each of IRWD’s bonds constituting the general obligation of each improvement district consolidated into Improvement District No. 125 or Improvement District No. 225 (the “IRWD Improvement District Bonds”) was assumed by and became the liability of Improvement District No. 125 or Improvement District No. 225, respectively.

As reported to the Community Facilities District, as of June 30, 2019, the following table summarizes total general obligation bonded indebtedness and related improvement districts, portions of which overlap certain of the lots within the Community Facilities District and in CFD No. 08-1.

Improvement District	Bonds Authorized	Principal Amount Outstanding	Remaining Unissued Authorization
125	\$735,246,000	\$184,083,000	\$305,517,000
153	237,300,000	7,601,000	229,699,000
225	856,643,000	256,320,000	363,339,000
253	122,283,000	11,877,000	110,406,000

The IRWD Improvement District bonds are general obligation bonds payable from *ad valorem* taxes; the amount of the tax levy on each lot is based on the assessed valuation of the land (exclusive of improvements) constituting such lot. Because property is reassessed upon the conveyance to a new owner (upon conveyance, for example, from a master developer to a merchant builder and from a merchant builder to an individual homeowner), because there have been or will be many such conveyances within the IRWD Improvement District and because there is a significant lapse of time between the date on which the reassessed value resulting therefrom is reflected on the County tax rolls, there is no reliable method for determining precisely the share of the outstanding or authorized but unissued bonded debt of the IRWD Improvement District allocable to the Community Facilities District and CFD No. 08-1. See Table 7 above for the percentage and amount of outstanding debt of IRWD that is applicable to the Community Facilities District and CFD No. 08-1 as of April 1, 2020. The Community Facilities District cannot predict the amount of authorized but unissued bonds that will ultimately be issued by IRWD, nor can it predict when such debt would be issued or the debt service payments thereon.

Community Facilities District No. 86-1 of the Irvine Unified School District

The boundaries of CFD No. 86-1 overlap certain of the property within the Community Facilities District and in CFD No. 08-1. There will be no additional debt of CFD No. 86-1 payable from special taxes on the property subject to the lien of the Special Tax and/or the CFD No. 08-1 Special Tax. See Table 7 above for the percentage and amount of outstanding debt of CFD No. 86-1 that is applicable to the Community Facilities District and CFD No. 08-1 as of April 1, 2020. Commencing with Fiscal Year 2020-21, CFD No. 86-1 will no longer levy a special tax to pay bonded indebtedness.

City of Irvine Assessment Districts

Portions of City of Irvine Assessment District Nos. 07-22 (Stonegate) and 13-25 (Eastwood) and Reassessment District Nos. 04-20 (Portola Springs), 05-21 (Orchard Hills), 12-1 (Multiple Districts), 13-1 (Multiple Districts), 15-2 (Multiple Districts) and 19-1 (Multiple Districts), overlap certain of the property within the Community Facilities District and in CFD No. 08-1. The Community Facilities District cannot predict the extent to which the City may authorize the issuance of additional assessment or reassessment districts or issue additional obligations payable from assessments or taxes on the property subject to the lien of the Special Tax and/or the CFD No. 08-1 Special Tax, the timing of any such issuance, or the effect that the issuance of any such debt may have on the ratio of a total direct and overlapping debt to the value of the property in the Community Facilities District and in CFD No. 08-1 at the time such debt is issued. See Table 7 above for the percentage and amount of outstanding City of Irvine Assessment District debt that is applicable to the Community Facilities District and CFD No. 08-1 as of April 1, 2020.

Value-to-Lien Ratios

The following Table 8 depicts value-to-lien ratios and overlapping debt based on Fiscal Year 2019-20 assessed values in the Community Facilities District and in CFD No. 08-1. The estimated value-to-lien ratios set forth herein are based on the County Assessor's secured tax roll for Fiscal Year 2019-20 of the taxable parcels in the Community Facilities District and in CFD No. 08-1, and the direct and overlapping debt allocable to property in the Community Facilities District and in CFD No. 08-1 as of April 1, 2020. No assurance can be given that such value-to-lien ratios will be maintained over time. A decrease in the assessed values in the Community Facilities District or in CFD No. 08-1 or an increase in the parity liens on property in the Community Facilities District or in CFD No. 08-1, or both, could result in a lowering of the value-to-lien ratios of the property in the Community Facilities District and in CFD No. 08-1. See "SECURITY FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment" and "– CFD No. 08-1 Rate and Method of Apportionment." See also, APPENDIX H – "PARCEL LIST OF APARTMENT PROPERTIES (ASSESSED VALUE AND VALUE-TO-LIEN)."

Table 8
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Overlapping Debt and Value-to-Lien Ratios
Developed Property Only

Value-to-Lien Ratio*	Number of Dwelling Units	2019-20 Special Tax	Percentage of 2019-20 Special Tax	2019-20 Land Value	2019-20 Improvement Value	Total 2019-20 Assessed Value	GO Debt ⁽¹⁾	AD Debt ⁽¹⁾	CFD No. 86-1 Debt ⁽¹⁾	CFD Nos. 08-1 & 09-1 Debt ^{(1)*}	Total Overlapping Debt*
APARTMENTS⁽²⁾											
CFD No. 09-1											
0.7:1 PA39 - Los Olivos II	936	\$ 1,591,200	7.4%	\$ 5,080,527	\$ 16,145,788	\$ 21,226,315	\$ 67,995	\$ 0	\$ 0	\$ 31,678,857	\$ 31,746,853
2.1:1 PA6 - Anton Portola	256	435,200	2.0	17,462,374	37,508,828	54,971,202	247,057	17,186,142	0	8,664,303	26,097,502
4.7:1 PA40 - Avella	485	582,989	2.7	4,993,218	51,002,892	55,996,110	71,319	0	113,988	11,606,610	11,791,918
5.1:1 PA39 - Trailside	524	890,800	4.1	3,819,700	86,135,551	89,955,251	40,580	0	0	17,734,745	17,775,325
5.1:1 PA39 - Dana	506	860,200	4.0	2,239,118	85,069,792	87,308,910	24,205	0	0	17,125,536	17,149,741
5.2:1 PA39 - Antivo	446	758,200	3.5	2,797,810	75,725,217	78,523,027	29,876	0	0	15,094,840	15,124,716
5.3:1 PA40 - Murano	628	754,881	3.5	2,475,195	77,731,056	80,206,251	26,561	0	147,597	15,028,765	15,202,923
5.4:1 PA40 - Umbria	435	522,887	2.4	1,553,792	55,204,401	56,758,193	16,751	0	102,237	10,410,052	10,529,040
5.5:1 PA6 - Portola Court	438	526,494	2.5	949,991	74,253,007	75,202,998	14,348	3,033,187	102,942	10,481,846	13,632,322
5.8:1 PA39 - Pintado	274	465,800	2.2	1,860,645	52,420,155	54,280,800	19,894	0	0	9,273,512	9,293,405
6.0:1 PA40 - Veneto	352	423,118	2.0	1,441,121	49,496,625	50,937,746	15,516	0	82,729	8,423,766	8,522,011
8.7:1 PA40 - Cadenza	262	298,628	1.4	1,261,228	51,467,441	52,728,669	13,677	0	69,274	5,945,312	6,028,263
	5,542	\$ 8,110,397	37.7%	\$ 45,934,719	\$ 712,160,753	\$ 758,095,472	\$ 587,780	\$ 20,219,329	\$ 618,767	\$161,468,144	\$182,894,020
CFD No. 08-1											
6.6:1 PA9 - Palmeras	528	\$ 317,877	1.5%	\$ 232,715	\$ 79,579,165	\$ 79,811,880	\$ 3,369	\$ 4,627,972	\$ 124,094	\$ 7,269,707	\$ 12,025,141
8.3:1 PA9 - Mirasol	329	198,071	0.9	955,710	61,412,758	62,368,468	10,634	2,923,029	77,324	4,529,798	7,540,785
	857	\$ 515,948	2.4%	\$ 1,188,425	\$ 140,991,923	\$ 142,180,348	\$ 14,003	\$ 7,551,000	\$ 201,418	\$ 11,799,505	\$ 19,565,926
Subtotal 4.4:1⁽³⁾	6,399	\$ 8,626,345	40.1%	\$ 47,123,144	\$ 853,152,676	\$ 900,275,820	\$ 601,783	\$ 27,770,329	\$ 820,185	\$173,267,649	\$202,459,946
SINGLE-FAMILY											
less than 1.0:1	253	\$ 271,874	1.3%	\$ 3,052,795	\$ 0	\$ 3,052,795	\$ 43,228	\$ 4,963,140	\$ 122,008	\$ 5,412,671	\$ 10,541,047
1.0:1 to 4.9:1	182	210,369	1.0	5,798,497	510,851	6,309,348	81,438	119,387	119,747	4,188,185	4,508,756
5.0:1 to 9.9:1	56	64,015	0.3	9,042,062	12,159,200	21,201,262	121,439	1,170,795	15,012	1,274,468	2,581,714
10.0:1 to 14.9:1	2,379	2,865,384	13.3	952,312,723	615,612,437	1,567,925,160	11,077,648	48,946,113	559,366	57,046,314	117,629,441
15.0:1 to 19.9:1	3,966	4,482,090	20.8	1,969,943,294	1,292,617,233	3,262,560,527	23,675,168	75,065,683	1,067,022	89,232,967	189,040,840
20.0:1 and higher	4,510	5,006,220	23.3	3,271,146,733	2,207,115,236	5,478,261,969	35,466,106	65,947,154	1,258,177	99,667,746	202,339,183
Subtotal 19.6:1	11,346	\$12,899,952	59.9%	\$6,211,296,104	\$4,128,014,957	\$10,339,311,061	\$70,465,027	\$196,212,272	\$3,141,332	\$256,822,351	\$526,640,982
Total 15.4:1	17,745	\$21,526,297	100.0%	\$6,258,419,248	\$4,981,167,633	\$11,239,586,881	\$71,066,810	\$223,982,601	\$3,961,516	\$430,090,000	\$729,100,928

⁽¹⁾ Assumes the issuance of the Series 2020 Bonds and the purchase and amendment of the Outstanding Series 2014 B Bonds, each as described herein. See Table 7 for a description of direct overlapping debt. With respect to the Community Facilities District and CFD No. 08-1, includes principal of Fixed Rate Bonds and Adjustable Rate Bonds, which are payable, as provided in the Indenture, first, from proceeds of draws made under the Letter of Credit securing the payment of such Series of Adjustable Rate Bonds pursuant to the Indenture and, second, from Net Adjustable Rate Revenues. See "SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account."

⁽²⁾ The apartments are owned by the Irvine Company (or an affiliate in partnership). The 2019-20 Land Value may not represent the current market value of land, but rather the escalated value of the land from the property's base year. The 2019-20 Improvement Value does not reflect the issuance of building permits as of June 30, 2019 for 410 apartment units in Planning Area 39 - Los Olivos II.

⁽³⁾ See APPENDIX H for a detailed list of apartment properties. See "RISK FACTORS – Parcel List of Apartment Properties (Assessed Value and Value-to-Lien)."

* Preliminary, subject to change.

Source: Scott Associates.

Property Ownership

All of the property within the Community Facilities District and in CFD No. 08-1 was originally owned by The Irvine Company. The Irvine Company is an integrated real estate firm engaged in the development of large-scale residential communities and commercial business centers on the Irvine Ranch in the County of Orange. The Irvine Company also has an investment property portfolio of apartment communities, office, and research and development properties in Silicon Valley, Los Angeles and North San Diego. The following Table 9 lists the principal property owners liable for the payment of special taxes levied in the Community Facilities District and in CFD No. 08-1 for Fiscal Year 2019-20, assessed values for Fiscal Year 2019-20 for such ownership, overlapping debt allocable to such ownership as of April 1, 2020, and value-to-lien ratios. Ownership information has been obtained from the Assessment Roll of the County Assessor as of January 1, 2019.

Table 9
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Top Taxpayers⁽¹⁾

Property Owner	Number of Dwelling Units	2019-20 Special Tax Levy	Percent of 2019-20 Special Tax Levy	2019-20 Assessed Value	Total Direct and Overlapping Debt^{(2)*}	Value-to-Lien Ratio*
Irvine Company ⁽³⁾	6,399	\$ 8,626,345	40.07%	\$ 900,275,820	\$202,459,946	4.5:1
Irvine Community Devel. Co. ⁽⁴⁾	470	520,641	2.42	58,626,167	14,857,769	4.0:1
CDB Investments LP	87	95,241	0.44	60,053,788	3,637,304	16.5:1
Brookfield Homes	21	22,629	0.11	9,770,356	745,442	13.1:1
Richmond American Homes	37	39,869	0.19	15,527,487	1,837,617	8.5:1
William Lyon Homes Inc.	3	3,233	0.02	4,224,769	158,444	26.7:1
New Home Company	6	6,092	0.03	153,588	262,573	0.6:1
KB Home Coastal Inc.	14	15,086	0.07	1,220,303	958,170	1.3:1
Subtotal: Top Taxpayers	7,037	\$ 9,329,136	43.3%	\$ 1,049,852,278	\$224,917,266	4.7:1
Subtotal: Remaining Taxpayers⁽⁵⁾	10,708	\$12,197,162	56.7%	\$10,189,734,603	\$504,183,661	20.2:1
Total: All Taxpayers	17,745	\$21,526,297	100.0%	\$11,239,586,881	\$729,100,927	15.4:1

(1) Top Taxpayers shown are apartment owners or builders.

(2) See Table 7 for a description of direct overlapping debt.

(3) Represents apartments owned by the Irvine Company or an affiliate in partnership, including 857 apartment units in CFD No. 08-1.

(4) Represents for sale production units (not apartments).

(5) Remaining Taxpayers are individuals owning single family homes or condominiums. Several individuals own more than one dwelling unit, but no individual is responsible for more than 0.06% of the Fiscal Year 2019-20 Special Tax Levy.

* Preliminary, subject to change.

Source: Scott Associates.

Changes enacted by federal tax legislation (the Public Law No. 115-97, also referred to as the “Tax Cuts and Jobs Act of 2017”) was enacted into law on December 22, 2017. The Tax Cuts and Jobs Act made significant changes to many aspects of the Internal Revenue Code of 1986. For example, the Tax Cuts and Jobs Act reduced the amount of mortgage interest deduction to the first \$750,000 of a home loan on new purchases (existing loans are grandfathered in), increased the standard deduction, and put a limit of \$10,000 on deductions for state and local income tax, sales tax and property tax expenses that individuals may deduct from their gross income for federal income tax purposes. The changes made by the Tax Cuts and Jobs Act could increase the cost of home ownership within the Community Facilities District and in CFD No. 08-1 and could adversely affect the sale of homes by developers and current owners.

Neither the School District nor the Community Facilities District can predict the effect that the Tax Cuts and Jobs Act may have on the cost of home ownership or the price of homes in the Community Facilities District, the rate at which homes in the Community Facilities District and in CFD No. 08-1 are sold to end users by developers and current owners or the ability or willingness of home owners to pay Special Taxes or property taxes. See also, “RISK FACTORS – Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption” below.

Debt Service Coverage

The following Table 10 summarizes the Maximum Special Tax authorized to be levied in the Community Facilities District and annual Installment Payments, and summary coverage information. The Rate and Method provides for the levy of a Maximum Special Tax. The amounts shown in Table 10 for Net Tax Roll Revenues assume aggregate amounts received from September 1 through August 31 and deposited to accounts relating to the Series 2020 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account” for a description of the flow of funds based upon the month in which such Special Taxes are received for deposit under the Indenture. In each Fiscal Year, the Board of Education will levy the Special Tax on each Assessor’s Parcel of Developed Property, other than Mixed Assessor’s Parcels classified as Developed Property in such Fiscal Year, at a rate equal to its Maximum Special Tax. See APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1).” See also, APPENDIX B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 08-1).” The actual amount of Special Tax that will be levied against each parcel in each year in the Community Facilities District will be determined in accordance with the Rate and Method.

The Special Tax and CFD No. 08-1 Special Tax, respectively, on any residential property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to the Community Facilities District and CFD No. 08-1. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the community facilities district by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The application of this limitation to a parcel containing an apartment unit remains subject to clarification by act of the legislature or the courts. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

Table 10
Irvine Unified School District
The Community Facilities District and CFD No. 08-1
Debt Service Coverage⁽¹⁾

Bond Year Ending (Sept. 1)	Special Taxes Levied on Developed Property⁽²⁾⁽³⁾	CFD No. 08-1 Installment Payment Schedule⁽⁴⁾	Annual Admin. Expenses⁽⁵⁾	Net Tax Roll Revenues	Fixed Rate Bonds Debt Service^{(6)*}	Debt Service Coverage on Fixed Rate Bonds*
2020	\$21,010,349	\$ 500,000	\$414,555	\$21,095,794	\$16,330,228	129.18
2021	30,377,300	1,019,000	618,417	30,777,883	25,994,038	118.40
2022	30,377,300	919,000	628,963	30,667,337	25,911,888	118.35
2023	30,377,300	919,000	639,719	30,656,581	25,907,038	118.33
2024	30,377,300	919,000	650,691	30,645,609	25,892,488	118.36
2025	30,377,300	919,000	661,882	30,634,418	25,904,438	118.26
2026	30,377,300	919,000	673,297	30,623,003	25,902,538	118.22
2027	30,377,300	919,000	684,940	30,611,360	23,560,538	129.93
2028	30,377,300	919,000	696,817	30,599,483	23,554,988	129.91
2029	30,377,300	919,000	708,930	30,587,370	23,550,638	129.88
2030	30,377,300	919,000	721,286	30,575,014	23,542,088	129.87
2031	30,377,300	919,000	733,889	30,562,411	23,538,313	129.84
2032	30,377,300	919,000	746,745	30,549,555	23,528,225	129.84
2033	30,377,300	919,000	759,857	30,536,443	23,522,088	129.82
2034	30,377,300	919,000	773,231	30,523,069	23,512,019	129.82
2035	30,377,300	919,000	786,873	30,509,427	23,508,594	129.78
2036	30,377,300	919,000	800,788	30,495,512	23,497,494	129.78
2037	30,377,300	919,000	814,981	30,481,319	23,493,094	129.75
2038	30,377,300	919,000	829,458	30,466,842	23,485,650	129.73
2039	30,377,300	21,208	844,225	29,554,283	22,750,663	129.91
2040	30,377,300	--	859,287	29,518,013	22,721,588	129.91
2041	30,377,300	--	874,650	29,502,650	22,714,388	129.89
2042	30,377,300	--	890,320	29,486,980	22,707,500	129.86
2043	30,377,300	--	906,304	29,470,996	22,700,200	129.83
2044	30,377,300	--	922,607	29,454,693	22,686,850	129.83
2045	30,377,300	--	939,237	29,438,063	22,680,450	129.79
2046	30,377,300	--	956,199	29,421,101	22,669,800	129.78
2047	30,377,300	--	973,500	29,403,800	22,659,000	129.77
2048	30,377,300	--	991,148	29,386,152	22,651,900	129.73
2049	30,377,300	--	1,009,148	29,368,152	22,642,300	129.70
2050	30,377,300	--	1,027,508	29,349,792	22,630,300	129.69
2051	30,377,300	--	1,046,236	29,331,064	22,619,900	129.67
2052	30,377,300	--	1,065,338	29,311,962	22,609,750	129.64
2053	30,377,300	--	1,084,822	29,292,478	22,598,600	129.62
2054	30,377,300	--	1,104,696	29,272,604	22,589,850	129.58
2055	30,377,300	--	1,084,822	29,292,478	20,723,500	141.35
2056	30,377,300	--	1,104,696	29,272,604	20,716,250	141.30
2057	30,377,300	--	1,124,967	29,252,333	19,499,625	150.01

(1) See "SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account" for a description of the flow of funds (i) based on amounts received during September, October, November, December, January and February, and (ii) based on amounts received during March, April, May, June, July and August.

(2) For the Bond Year ending September 1, 2020, the Special Taxes Levied on Developed Property is the aggregate Fiscal Year 2019-20 Special Tax Levy for the Community Facilities District on residential property for which a building permit was issued as of June 30, 2019, as shown in Table 1. For the Bond Year ending September 1, 2021, the Special Taxes Levied on Developed Property is the aggregate estimated Special Tax for the Community Facilities District on residential property for which a building permit was issued as of February 14, 2020, as shown in Table 2. See "SECURITY FOR THE SERIES 2020 BONDS." and APPENDIX A – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

(3) For the Bond Year ending September 1, 2021 and each year thereafter, the Special Taxes Levied on Developed Property considers the cessation of the levy of the CFD No. 86-1 special tax, and is the projected product of \$1,700 per dwelling unit in the Community Facilities District for which a building permit was issued as of February 14, 2020.

(4) Installment Payments pursuant to the Installment Purchase Agreement of \$500,000 annually through Fiscal Year 2019-20 (the final year for levy of the CFD No. 86-1 special tax) and approximately \$919,000 annually thereafter through September 1, 2038, with a final installment of \$21,208 due on January 15, 2039 (which final installment date is approximately 15 years prior to the final maturity date of the Series 2020 Bonds).

(5) Represents County fees equal to 0.3% of Special Taxes levied on Developed Property plus Fixed Rate Administrative Expenses increasing by 2% per year.

(6) Includes debt service on \$203,815,000 Series 2017 Bonds, \$38,465,000 Series 2018 Bonds, \$86,845,000 Series 2019 Bonds and \$100,200,000 (preliminary, subject to change) Series 2020 Bonds (such amount representing the bonds being issued to purchase and amend \$100,965,000 Series 2014 B Adjustable Rate Bonds to Fixed Rate Bonds).

* Preliminary, subject to change.

Source: Municipal Advisor based on information provided by Scott Associates and Stifel, Nicolaus & Company, Incorporated.

Parcel List of Apartment Properties (Assessed Value and Value-to-Lien)

Attached as APPENDIX H – “PARCEL LIST OF APARTMENT PROPERTIES (ASSESSED VALUE AND VALUE-TO-LIEN)” is a detailed list by parcel number of the apartment properties in the Community Facilities District and in CFD No. 08-1. Such list is provided for informational purposes only. Assessed values of the apartment properties may not be representative of the actual market value of such property in the Community Facilities District and in CFD No. 08-1 because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year unless a property is sold or transferred. See “RISK FACTORS – Property Values.” As a consequence, assessed values are typically less than actual market values unless the property has recently changed ownership or has been reassessed. Further, there can be no assurance that the property within the Community Facilities District and in CFD No. 08-1 can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on, the Series 2020 Bonds in the event of a default in payment of Special Taxes or CFD No. 08-1 Special Taxes, respectively, by the current or future landowners within the Community Facilities District or in CFD No. 08-1.

RISK FACTORS

The purchase of the Series 2020 Bonds involves certain investment risks. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2020 Bonds. The discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2020 Bonds, and this Official Statement should be read in its entirety for the purpose of making an informed investment decision.

Risks of Real Estate Secured Investments Generally

The Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of homes or institutional facilities and/or sites in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, wildfires, floods and droughts), which may result in uninsured losses.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel of Developed Property in the Community Facilities District, at a rate equal to its Maximum Special Tax. For each Fiscal Year, the Maximum Special Tax applicable to each Assessor’s Parcel of Developed Property shall be the remainder of (i) the product of \$1,700.00 per Dwelling Unit multiplied by the number of Dwelling Units for which building permits have been issued for the Assessor’s Parcel minus (ii) the CFD No. 86-1 Actual Special Tax levied on such Assessor’s Parcel in such Fiscal Year, if any. Commencing with the Special Tax levy for the Community Facilities District in Fiscal Year 2020-21, there will be no offset attributable to the CFD No. 86-1 Actual Special Tax. See “SECURITY FOR THE SERIES 2020 BONDS – Rate and Method of Apportionment” and “– CFD No. 08-1 Rate and Method of Apportionment.” The collection of the special taxes will be dependent on the willingness and ability of the owners of property to pay Special Taxes and CFD No. 08-1 Special Taxes, respectively, when due. See “SECURITY FOR THE SERIES 2020 BONDS – The Special Taxes.”

The Act provides that if any property within a community facilities district not otherwise exempt from the special tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the special taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that if property subject to the special tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operative effect of these provisions have not been tested in the courts. If for any reason property subject to the Special Tax and CFD No. 08-1 Special Tax, respectively, becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency, subject to the limitation of the maximum Special Tax and maximum CFD No. 08-1 Special Tax rates, respectively, the Special Taxes and CFD No. 08-1 Special Taxes, respectively, will be reallocated to the remaining properties within the Community Facilities District and CFD No. 08-1 respectively. This would result in the owners of such properties paying a greater amount of the Special Tax and CFD No. 08-1 Special Tax, respectively, and could have an adverse effect on the timely payment of the Special Tax and CFD No. 08-1 Special Tax, respectively.

Pursuant to Section 53321 of the Act as applied to the Community Facilities District and CFD No. 08-1, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Community Facilities District and CFD No. 08-1 by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued. The application of this limitation to a parcel containing an apartment unit remains subject to clarification by act of the legislature or the courts.

The Bonds are Special Obligations of the Community Facilities District

The Bonds are special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Tax Roll Revenues and any other amounts held in the Tax Roll Revenue Account, the Fixed Rate Bond Fund and the Fixed Rate Reserve Fund and any Reserve Facility, as applicable. See “SECURITY FOR THE SERIES 2020 BONDS – General – Tax Roll Revenue Account” for a description of the flow of funds. Funds for the payment of the principal of, premium, if any, and interest on the Series 2020 Bonds are derived from Special Taxes levied in the Community Facilities District and Installment Payments. The Installment Payments shall be special obligations of CFD No. 08-1, payable, as provided in the Installment Purchase Agreement, solely from CFD No. 08-1 Net Special Tax Revenues and the other assets pledged therefor under the Installment Purchase Agreement. The Special Taxes and the Installment Payments payable to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively, could be insufficient to pay the principal of, premium, if any, and interest on the Series 2020 Bonds, due to nonpayment of such annual Special Taxes and Installment Payments from the CFD No. 08-1 Special Taxes, respectively, or insufficient proceeds received from the sales of taxable parcels in the Community Facilities District and CFD No. 08-1 due to delinquencies. The Community Facilities District’s obligation with respect to delinquent Special Taxes and CFD No. 08-1 Special Taxes, respectively, is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to parcels for which Special Taxes and CFD No. 08-1 Special Taxes, respectively, are delinquent, as provided in the Indenture and the Installment Purchase Agreement. See “SECURITY FOR THE SERIES 2020 BONDS – Covenant for Superior Court Foreclosure.”

Bond Insurance Risk Factors

The Community Facilities District has acquired the Policy to guarantee the scheduled payment of principal and interest on the Insured Series 2020 Bonds and the Reserve Policy to satisfy the Reserve Requirement for the Series 2020 Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Insured Series 2020 Bonds when all or a portion becomes due, any Owner of the Insured Series 2020 Bonds shall have a claim under the Policy for such payments. The Policy does not insure against redemption premium. The payment of principal and interest in connection with mandatory or optional redemption of the Insured Series 2020 Bonds by the Community Facilities District which is recovered by the Community Facilities District from the Owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such redemption by the Community Facilities District unless the Insurer chooses to pay such amounts at an earlier date.

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

In the event the Insurer is unable to make payment of principal and interest on the Insured Series 2020 Bonds as such payments become due under the Policy, the Insured Series 2020 Bonds are payable solely from the moneys received pursuant to the applicable legal documents. In the event the Insurer becomes obligated to make payments with respect to the Insured Series 2020 Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Series 2020 Bonds or the marketability (liquidity) for the Insured Series 2020 Bonds.

The long-term rating on the Insured Series 2020 Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the rating on the Insured Series 2020 Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Series 2020 Bonds or the marketability (liquidity) for the Insured Series 2020 Bonds. See description of "CONCLUDING INFORMATION – Rating; No Underlying Rating" herein.

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

None of the Community Facilities District, CFD No. 08-1, the School District, the Municipal Advisor or the Underwriter has made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Community Facilities District to pay principal and interest on the Insured Series 2020 Bonds and the claims-paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE FOR INSURED SERIES 2020 BONDS" for further information provided by the Insurer regarding the Insurer and the Policy and for instructions for obtaining current financial information concerning the Insurer.

The Special Taxes Are Not Personal Obligations of the Property Owners

The obligation to pay Special Taxes and CFD No. 08-1 Special Taxes, respectively, levied within the Community Facilities District and CFD No. 08-1 does not constitute a personal obligation of the current or subsequent owners of the property in the Community Facilities District or in CFD No. 08-1. Enforcement of payment obligations by the Community Facilities District or CFD No. 08-1, as applicable, including, without limitation, the obligation of the Community Facilities District to commence foreclosure against any parcels of land in the Community Facilities District with delinquent Special Taxes, or the obligation of CFD No. 08-1 to commence foreclosure against any parcels of land in CFD No. 08-1 with delinquent CFD No. 08-1 Special Taxes, is limited to judicial foreclosure in the Orange County Superior Court. See “SECURITY FOR THE SERIES 2020 BONDS – Covenant for Superior Court Foreclosure.” There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes or CFD No. 08-1 Special Taxes, respectively, will be able to pay the Special Taxes or CFD No. 08-1 Special Taxes, respectively, or that such owner will choose to pay such Special Taxes or CFD No. 08-1 Special Taxes, respectively, even though financially able to do so.

Special Tax Delinquencies

The Special Taxes and CFD No. 08-1 Special Taxes, respectively, are billed to the properties within the Community Facilities District and CFD No. 08-1 on the *ad valorem* property tax bills sent to owners of such properties. Such Special Tax and CFD No. 08-1 Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do *ad valorem* property tax installments. For so long as the County continues on the Teeter Plan, the County is obligated to pay the Community Facilities District and CFD No. 08-1, respectively, 100% of the amount of the Special Taxes and CFD No. 08-1 Special Taxes actually levied in the Community Facilities District and CFD No. 08-1, respectively, regardless of any delinquencies. However, the County is required to terminate the Teeter Plan if two-thirds of the participants so petition the Board of Supervisors and may discontinue the Teeter Plan as to each or either of Community Facilities District and CFD No. 08-1 if its respective delinquency rate exceeds 3%. See “– Teeter Plan Termination” and “SECURITY FOR THE SERIES 2020 BONDS – The Teeter Plan.”

Significant delinquencies in the payment of annual Special Tax installments, CFD No. 08-1 Special Tax installments or the payment of Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes or CFD No. 08-1 Special Taxes, respectively, could result in a default in the payment of the debt service on the Series 2020 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions that apply, and the procedures that the Community Facilities District and CFD No. 08-1 are obligated to follow, in the event of delinquencies in the payment of Special Taxes, in the payment of CFD No. 08-1 Special Taxes or the payment of Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively. See “– Bankruptcy” and “– Payments by FDIC and Other Governmental Agencies” below, for a discussion of the limitations on the Community Facilities District’s ability to foreclose on the lien of the Special Taxes and CFD No. 08-1’s ability to foreclose on the lien of the CFD No. 08-1 Special Taxes, respectively, in certain circumstances and the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes.

Teeter Plan Termination

In 1993, the County implemented its Teeter Plan, as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas, including the Community Facilities District and CFD

No. 08-1, with full tax and assessment levies instead of actual tax and assessment collections. In return the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County's Teeter Plan may help protect Owners from the risk of delinquencies in the payment of Special Taxes and CFD No. 08-1 Special Taxes, respectively. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. A termination of the Teeter Plan with respect to the Community Facilities District and CFD No. 08-1 would eliminate such protection from delinquent Special Taxes and CFD No. 08-1 Special Taxes, respectively. See "SECURITY FOR THE SERIES 2020 BONDS – The Teeter Plan."

Property Values

The value of property within the Community Facilities District and in CFD No. 08-1 is an important factor in evaluating the investment quality of the Series 2020 Bonds. Table 4 shows the assessed value for Developed Property in the Community Facilities District and CFD No. 08-1 for Fiscal Years 2010-11 through 2019-20. In the event that a property owner defaults in the payment of an installment of Special Taxes or CFD No. 08-1 Special Taxes, respectively, the Community Facilities District's and CFD No. 08-1's only remedy, respectively, is to judicially foreclose, or to cause judicial foreclosure, on that property. Prospective purchasers of the Series 2020 Bonds should not assume that the property within the Community Facilities District or CFD No. 08-1 could be sold for the assessed values described under the caption, "SPECIAL TAXES AND TAX ROLL REVENUES – Property Values," at a foreclosure sale for delinquent Special Taxes or CFD No. 08-1 Special Taxes, respectively, or for an amount adequate to pay delinquent Special Taxes or CFD No. 08-1 Special Taxes, respectively. In addition to the foregoing, property values are not evenly distributed throughout the Community Facilities District. This disparity of values across the Community Facilities District and CFD No. 08-1 is significant because, in the event of nonpayment of Special Taxes or CFD No. 08-1 Special Taxes, respectively, the Community Facilities District's and CFD No. 08-1's only remedy is to foreclose, or to cause judicial foreclosure, against the delinquent parcel. See "SECURITY FOR THE SERIES 2020 BONDS."

The assessed values for the property within the Community Facilities District and CFD No. 08-1 herein are the property values determined by the County Assessor for property tax purposes. Such assessed value determinations may be subject to appeal by property owners. Assessment appeals are filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner. Although such a result would not reduce the Special Tax or CFD No. 08-1 Special Tax levy on the property, any reduction in the assessed taxable values of property within the Community Facilities District or CFD No. 08-1 would have an adverse impact on the value-to-lien ratios discussed herein, and could lessen the ability or willingness of the owners of such property to pay their Special Taxes and CFD No. 08-1 Special Taxes, respectively. Moreover, assessed values do not necessarily represent the current market value for any parcel.

Parcel List of Apartment Properties (Assessed Value and Value-to-Lien)

Attached as APPENDIX H – "PARCEL LIST OF APARTMENT PROPERTIES (ASSESSED VALUE AND VALUE-TO-LIEN)" is a detailed list by parcel number of the apartment properties in the Community Facilities District and in CFD No. 08-1. Such list is provided for informational purposes only. Assessed values of the apartment properties may not be representative of the actual market value of such property in the Community Facilities District and in CFD No. 08-1 because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year unless a property

is sold or transferred. See “RISK FACTORS – Property Values.” As a consequence, assessed values are typically less than actual market values unless the property has recently changed ownership or has been reassessed. Further, there can be no assurance that the property within the Community Facilities District and in CFD No. 08-1 can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on, the Series 2020 Bonds in the event of a default in payment of Special Taxes or CFD No. 08-1 Special Taxes, respectively, by the current or future landowners within the Community Facilities District or in CFD No. 08-1.

Bankruptcy

The payment of Special Taxes, the payment of CFD No. 08-1 Special Taxes, and the payment of Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively, and the ability of the Community Facilities District to foreclose the lien of a delinquent Special Tax, as well as the ability of CFD No. 08-1 to foreclose the lien of a delinquent CFD No. 08-1 Special Tax, may be limited by bankruptcy, insolvency, or other laws generally affecting creditor’s rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes, the payment of CFD No. 08-1 Special Taxes or the payment of Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively, to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes or the payment of delinquent CFD No. 08-1 Special Taxes, and the payment of delinquent Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively, 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, the CFD No. 08-1 Special Taxes and Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes, respectively, in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Series 2020 Bonds and the possibility of delinquent tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

Disclosures to Future Purchasers

Each of the Community Facilities District and CFD No. 08-1 has recorded a Notice of Special Tax Lien in the Office of the County Recorder of the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such obligation for Special Taxes and CFD No. 08-1 Special Taxes, respectively, in the purchase of property within the Community Facilities District and in CFD No. 08-1 or the lending of money secured thereby. Failure to disclose the existence of the Special Taxes or CFD No. 08-1 Special Taxes, respectively, or the full amount of the *pro-rata* share of debt on the land in the Community Facilities District and in CFD No. 08-1 may affect the willingness and ability of future owners of land within the Community Facilities District and in CFD No. 08-1 to pay the Special Taxes and CFD No. 08-1 Special Taxes, respectively, when due.

Billing of Special Taxes

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

Under provisions of the Act, the Special Taxes and CFD No. 08-1 Special Taxes, respectively, are billed to the properties within the Community Facilities District and in CFD No. 08-1 which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax and CFD No. 08-1 Special Tax installments, respectively, are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. These Special Tax and CFD No. 08-1 Special Tax installment payments, respectively, cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes and CFD No. 08-1 Special Taxes, respectively, in the future. See “SECURITY FOR THE SERIES 2020 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which the Community Facilities District and CFD No. 08-1 is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes and CFD No. 08-1 Special Taxes, respectively.

Potential Early Redemption of Series 2020 Bonds from Special Tax Prepayments

Property owners within the Community Facilities District are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Series 2020 Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. CFD No. 08-1 is permitted to prepay its Installment Payments at any time. Such payments will result in a mandatory redemption of Series 2020 Bonds from Special Tax prepayments or prepaid Installment Payments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such prepayment. The resulting redemption of Series 2020 Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Series 2020 Bonds. See “THE SERIES 2020 BONDS – Redemption of the Series 2020 Bonds – Mandatory Redemption from Special Tax Prepayments” and “– Mandatory Redemption from Installment Payment Prepayments.”

Payments by FDIC and Other Governmental Agencies

The ability of the Community Facilities District to collect the Special Taxes and the Installment Payments payable from CFD No. 08-1 Special Taxes, respectively, and interest and penalties specified by State law, and to foreclose or to compel the foreclosure of the lien of delinquent Special Taxes and CFD No. 08-1 Special Taxes, respectively, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Federal National Mortgage Association (Fannie Mae), Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service, or other similar federal governmental agencies has or obtains an interest.

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.

FDIC. Specifically with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “1991 Policy Statement”). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC’s federal immunity. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation (“RTC”) on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC’s prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC’s acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Community Facilities District is unable to predict what effect the FDIC’s application of the Policy Statement would have in the event of a delinquency on a parcel within the Community Facilities District or in CFD No. 08-1 in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Series 2020 Bonds should assume that the Community Facilities District or CFD No. 08-1 will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause draws on the Fixed Rate Reserve Fund and perhaps, ultimately, a default in payment on the Series 2020 Bonds. Based upon the secured tax roll for Fiscal Year 2019-20, the FDIC does not presently own any of the property in the Community Facilities District or in CFD No. 08-1.

Mortgage Interests. Similarly, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution (“This Constitution, and the Laws of the United States

which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding”), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments. Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Community Facilities District or CFD No. 08-1, as applicable, wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. For a discussion of risks associated with taxable parcels within the Community Facilities District and CFD No. 08-1 becoming owned by the federal government, federal government entities or federal government sponsored entities, see “Payments by FDIC and Other Governmental Agencies” above.

Cumulative Burden of Parity Taxes and Special Assessments

Each of the Special Taxes and CFD No. 08-1 Special Taxes, respectively, constitutes a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property.

The Community Facilities District and CFD No. 08-1 have no control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the Community Facilities District or in CFD No. 08-1. Nor do the Community Facilities District or CFD No. 08-1 have any control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the Community Facilities District or in CFD No. 08-1. In addition, the owners of property within the Community Facilities District and in CFD No. 08-1 may, without the consent or knowledge of the Community Facilities District or of CFD No. 08-1, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Special Taxes and CFD No. 08-1 Special Taxes, respectively. See “SPECIAL TAXES AND TAX ROLL REVENUES – Direct and Overlapping Debt.”

Value-to-Lien Ratios

The estimated value-to-lien ratios set forth herein are based on the County Assessor’s secured tax roll for Fiscal Year 2019-20, of the taxable parcels in the Community Facilities District and in CFD No. 08-1, and the direct and overlapping debt allocable to property in the Community Facilities District and in CFD No. 08-1 as of April 1, 2020. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Community Facilities District and CFD No. 08-1 could adversely affect the property values within the Community Facilities District and in CFD No. 08-1, respectively. The Community Facilities District and CFD No. 08-1 also have no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes and CFD No. 08-1 Special Taxes, respectively. See “– Cumulative Burden of Parity Taxes and Special Assessments” and “SPECIAL TAXES AND TAX ROLL REVENUES – Direct and Overlapping Debt.” A decrease in the assessed values in the Community Facilities District and in CFD

No. 08-1 or an increase in the parity liens on property in the Community Facilities District and in CFD No. 08-1, or both, could result in a lowering of the value-to-lien ratios of the property in the Community Facilities District and in CFD No. 08-1.

Hazardous Substances

The market value of the property in the Community Facilities District and in CFD No. 08-1 is subject to diminution upon the future release or discovery thereon of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The Community Facilities District has not independently verified, and is not aware, that any owner (or operator) of any of the parcels within the Community Facilities District and in CFD No. 08-1 has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the Community Facilities District and in CFD No. 08-1 resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax installments, the CFD No. 08-1 Special Tax installments or the ability of CFD No. 08-1 to make the Installment Payments to the Community Facilities District from the CFD No. 08-1 Special Taxes.

Natural Disasters

The Community Facilities District, like all California communities, may be subject to unpredictable seismic activity, fires, or flooding in the wake of fires or in the event of unseasonable rainfall. The School District, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of seismic activity, fires or flooding in or around the Community Facilities District could result in substantial damage to properties in the Community Facilities District and in CFD No. 08-1 which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes and CFD No. 08-1 Special Taxes, respectively, when due.

Emergency Preparedness; Coronavirus (COVID-19)

The current spread of COVID-19, a new strain of coronavirus, is altering the behavior of businesses and people in a manner that may have negative effects on global, national and local economies. Additionally, stock markets in the U.S. and globally have seen significant recent volatility attributed to concerns about the COVID-19 virus. As a result, the amount of Special Taxes to be collected semi-annually on the real property within the Community Facilities District and the Installment Payments made pursuant to the Installment Purchase Agreement from CFD No. 08-1 Special Taxes could be adversely affected by such events beyond the Community Facilities District's and CFD No. 08-1's control. See also, "SECURITY FOR THE SERIES 2020 BONDS – Special Taxes," "Covenant for Superior Court Foreclosure" and "The Teeter Plan" for further information regarding the collection and distribution of delinquent Special Taxes and CFD No. 08-1 Special Taxes.

The ability or willingness of property owners to develop property in the Community Facilities District and CFD No. 08-1, the speed at which property owners develop remaining undeveloped property in the Community Facilities District and CFD No. 08-1, the ability or willingness of property owners to sell property in the Community Facilities District and CFD No. 08-1, the speed at which property owners are able sell property in the Community Facilities District and CFD No. 08-1, the ability or willingness of property owners to pay the Special Tax on property in the Community Facilities District and CFD No. 08-1 when due, the value of the property in the Community Facilities District and CFD No. 08-1, or the ability of the Community Facilities District and CFD No. 08-1, respectively, to collect delinquent Special Taxes and CFD No. 08-1 Special Taxes through judicial foreclosure could be adversely affected by a global, national or localized outbreak of an infectious disease, such as the COVID-19 virus, or by the fear of such an outbreak. The construction industry in the United States relies heavily on international trade for myriad construction materials. A global, national or localized outbreak could impact the availability of workers in countries producing construction materials, potentially resulting in supply chain shutdowns, which may result in substantial construction delays and project cost overruns. Further, the spread of the COVID-19 virus and the response to its spread has altered the behavior of businesses and people in a manner that is having a negative impact on global and local economies, and which has resulted in a volatile stock market response. These events and other factors resulting from such an outbreak, particularly if prolonged, could result in, or increase the likelihood of, the occurrence of certain of the other potential adverse effects described in this Official Statement, including those relating to declines in the value of property, the failure to complete the development of property, the inability to sell property, the inability or unwillingness to pay the Special Tax, and delays in (or insufficient funds received from) the collection of delinquent Special Taxes and CFD No. 08-1 Special Taxes through judicial foreclosure. A future outbreak of the COVID-19 virus or another infectious disease or the fear of any such outbreak could have similar or additional adverse effects. The Community Facilities District and CFD No. 08-1, respectively, cannot predict the ultimate effects of the COVID-19 virus outbreak or any future outbreak or potential future outbreak of an infectious disease, or whether any such effects would have a material adverse effect on the ability to develop the Community Facilities District and CFD No. 08-1 as planned, the ability or willingness of property owners to pay Special Taxes and CFD No. 08-1 Special Taxes when due, or the ability of the Community Facilities District and CFD No. 08-1, respectively, to pay debt service on the Bonds when due.

After California Governor Gavin Newsom's declaration of a State of Emergency to exist in California as a result of the threat of COVID-19 virus, Orange County Treasurer Tax Collector Shari Freidenrich on March 25, 2020, announced her plan to grant waivers on penalties to taxpayers as allowed by existing law to assist them during these challenging times, providing that for taxpayers that do not make payment of property taxes, including the Special Taxes and CFD No. 08-1 Special Taxes, due to the COVID-19 virus by April 10, such taxpayers would be expected to submit to the Treasurer a Penalty Cancellation Request Form and documentation to support the cancellation of penalties as allowed in

limited circumstances under current State law, allowing for waiver of penalties, costs and other charges when failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect.

Likewise, the School District's financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the COVID-19 virus. The outbreak of a highly contagious disease at one of the School District's facilities may result in a temporary shutdown. School districts in California are funded based on the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF"), which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Further, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the School District receives from the State. In addition, the School District may incur increased operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. Neither the School District nor the Community Facilities District can predict any costs associated with the potential outbreak of an infectious disease.

The School District and its community partners have developed a number of effective strategies and protocols to employ in the event of an emergency including an Emergency Operation Center and a Business Continuity Plan. The purpose of a business continuity plan is to prepare the District in the event of disaster/emergency caused by factors beyond the District's control (e.g., natural disasters, man-made events, etc.) and to restore the District to normal operations as soon as practical. Planning focused on four (4) key restoration areas: Facilities; Educational Instruction; Technology Infrastructure; and Business Service Operations.

On March 13, 2020, the Governor issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California as a result of the threat of the COVID-19 virus, and providing that if any California school districts, county offices of education, and charter schools (each a "Local Educational Agency" or "LEA") closes its schools to address the COVID-19 virus, the LEA will continue to receive state funding during the period of closure. Also on March 13, 2020, the School District ordered all of its schools and facilities closed effective March 16, 2020, initially setting a return date of April 6 and later extended to May 1, 2020.

On March 19, 2020, the Governor issued Executive Order N-33-20, a State-wide stay at home order to protect the health and well-being of all Californians and to establish consistency across the State in order to slow the spread of the COVID-19 virus. Such order to go into effect immediately and to stay in effect until further notice. The order directs all individuals living in the State to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. This includes 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof. Neither the Community Facilities District nor the School District can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated in this Official Statement by such reference.

On April 1, 2020, the Governor directed that all California schools remain closed to students through the end of the current school year due to the COVID-19 virus and the School District has indicated its schools will follow the Governor's direction.

With respect to school district funding, on March 17, 2020 the Governor signed Senate Bill 117 ("SB 117") as urgency legislation effective immediately, which for fiscal year 2019-20 limits the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed A.D.A. period applies to school districts that comply with Executive Order N-26-20. SB 117 further states the intent of the State Legislature that a school district's employees and contractors are paid during the period of a school closure due to the COVID-19 virus. SB 117 also waives instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to the COVID-19 virus caused the school district to fall below applicable instructional time requirements. While SB 117 provides some immediate relief to school districts, the short-term and long-term impacts of the COVID-19 outbreak are unknown as the situation is rapidly evolving. Neither the Community Facilities District nor the School District can predict whether similar legislation would be enacted in the event the outbreak of the COVID-19 virus continues into fiscal year 2020-21 or beyond or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

On March 27, 2020, the President enacted H.R. 748, known as "Phase 3," a \$2 trillion stimulus and supplemental spending plan to address the effects of the COVID-19 virus, which includes more than \$150 billion for the so-called "Marshall Plan" for hospitals and health care infrastructure. Also included is \$150 billion for state and local governments.

Information provided by County Health Officials is available at: <http://www.ochealthinfo.com-novel-coronavirus>. Neither the Community Facilities District nor the School District can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated in this Official Statement by such reference.

Cyber Security Risk

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. The School District has not sustained a cyber breach that resulted in a large financial loss.

The School District is a current member of a Joint Powers Authority (JPA), a large risk pool for liability and property protection serving school districts in Southern California. As a JPA member, the School District maintains adequate self-insurance and commercial insurance coverage for first-person and third-party cyber liability (security) losses should a successful breach ever occur.

The School District uses best practices to limit cybersecurity threats and mitigate vulnerabilities. The School District utilizes enterprise grade security hardware and has a security team that meets monthly to assess and address potential vulnerabilities focused around the Center for Internet Security's Top 20 Critical Security Controls. The School District also goes to great lengths to protect student data, including requiring third party vendors that receive student information sign the California Student Data

Privacy Agreement and agree to comply with California's student data privacy laws. 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. The School District is also reliant on other entities and service providers, such as the County Treasurer for investment of funds, The Bank of New York Mellon Trust Company, N.A., in its role as Trustee, and Scott Associates, in its role as Dissemination Agent in connection with compliance with its disclosure undertakings. No assurance can be given that the School District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Owners or Beneficial Owners of the Series 2020 Bonds, e.g., systems related to the timeliness of payments to Series 2020 Bonds owners or compliance with disclosure filings pursuant to the Continuing Disclosure Agreement.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2020 Bonds or to preserve the tax-exempt status of the Series 2020 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2020 Bonds, the Indenture and the Series 2020 Tax Certificate to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Series 2020 Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Right to Vote on Taxes Act

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C ("Article XIII C") and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Among other things, Section 3 of Article XIII C states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIIC to reduce or terminate a special tax is subject to the same restrictions as are applicable to the Board of Education, as the legislative body for the Community Facilities District and CFD No. 08-1, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes or CFD No. 08-1 Special Taxes, respectively, if such reduction would interfere with the timely retirement of the Series 2020 Bonds.

It may be possible, however, for voters, or the Community Facilities District or CFD No. 08-1 to reduce the Special Taxes and CFD No. 08-1 Special Taxes, respectively, in a manner which does not interfere with the timely repayment of the Series 2020 Bonds, but which does reduce the maximum amount of Special Taxes and CFD No. 08-1 Special Taxes, respectively, that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of the Special Taxes and CFD No. 08-1 Special Taxes, respectively, in amounts greater than the amount necessary for the timely retirement of the Series 2020 Bonds in accordance with the Indenture and the Installment Purchase Agreement.

The Act also establishes time limits for initiating any challenge to the validity of special taxes levied pursuant to the Act and any challenge to the validity of bonds issued pursuant to the Act. Section 53341 of the Act provides that:

“Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to this chapter shall be commenced within 30 days after the special tax is approved by the voters. Any appeal from a final judgment in that action or proceeding shall be perfected within 30 days after the entry of judgment.”

Section 53359 of the Act provides that:

“An action to determine the validity of bonds issued pursuant to this chapter or the validity of any special taxes levied pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 30 days after the voters approve the issuance of the bonds or the special tax if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.”

Based on the forgoing, with respect to any challenge to the validity of the Special Tax or the Series 2020 Bonds, the Community Facilities District believes that under current State law the time for initiating any such legal challenge has expired.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the Community Facilities District and CFD No. 08-1 and their respective obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. For example, on December 1, 2014, in *City of San Diego v. Shapiro*, an Appellate Court ruled that an election held by the City of San Diego to authorize the levying of special taxes on hotels city-wide pursuant to a City of San Diego ordinance which created a

convention center facilities district and which specifically defined the electorate to consist solely of (1) the owners of real property in the City of San Diego on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located, was invalid under the California Constitution because such landowners and lessees are neither “qualified electors” of the City of San Diego for purposes of Article XIII A, Section 4 of the California Constitution nor do they comprise a proper “electorate” under Article XIII C, Section 2(d). The Court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes pursuant to Section 53326(b) of the Act is constitutional under Article XIII A, Section 4 and Article XIII C, Section 2(d) in districts that lack sufficient registered voters to conduct an election among registered voters, and thus does not affect the validity of the levy of the Special Taxes with respect to the Zone. In addition, the provisions of the Act described above that establish time limits for initiating any challenge to the validity of the Special Taxes levied pursuant to the Act or the issuance of Series 2020 Bonds pursuant to the Act described above would provide obstacles to any party which sought to present a legal challenge to the validity of the Special Taxes, the CFD No. 08-1 Special Taxes or the Series 2020 Bonds based on the *City of San Diego v. Shapiro* case. The Community Facilities District and CFD No. 08-1 are not able to predict the outcome of any such examination of the Initiative in relation to community facilities districts formed under the Act.

The Community Facilities District generally covenants in the Indenture not to initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Series 2020 Bonds. The Community Facilities District further covenants that if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Series 2020 Bonds, the Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Series 2020 Bonds.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The Community Facilities District does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of the Initiative on the Series 2020 Bonds as well as the market for the Series 2020 Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

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

Ballot Initiatives and Legislative Measures

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

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

Recent legislation, future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Series 2020 Bonds from realizing the full current benefit of the tax status of such interest.

In particular, changes enacted by federal tax legislation (the Public Law No. 115-97, also referred to as the “Tax Cuts and Jobs Act of 2017”), have resulted in additional federal income or state tax being imposed on owners of tax-exempt state or local obligation, such as the Series 2020 Bonds and subjects interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Series 2020 Bonds, to a tax payable by certain bond owners that are individuals, estates or trusts with adjusted gross income in excess of certain specified thresholds.

Recent legislation, the introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Series 2020 Bonds. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the caption “CONCLUDING INFORMATION – Tax Exemption,” interest on the Series 2020 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2020 Bonds were issued as a result of future acts or omissions of the Community Facilities District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series 2020 Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Series 2020 Bonds is subject to information reporting to the Internal Revenue Service (“IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Series 2020 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Loss of Tax Exemption

As discussed under the caption “CONCLUDING INFORMATION – Tax Exemption,” interest on the Series 2020 Bonds could become includable in gross income for federal income taxation purposes retroactive to the date the Series 2020 Bonds were issued, as a result of a failure of the Community Facilities District to comply with certain provisions of the Internal Revenue Code of 1986.

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2020 Bonds, the Community Facilities District will covenant in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2020 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Series 2020 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the terms for

redemption under the Indenture for optional redemption, mandatory redemption from principal prepayments, or mandatory sinking fund redemption provisions of the Indenture. See “THE SERIES 2020 BONDS – Redemption of the Series 2020 Bonds.”

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal 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 future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Series 2020 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Series 2020 Bonds or the market value of the Series 2020 Bonds. Legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Series 2020 Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2020 Bonds. No assurance can be given that subsequent to the issuance of the Series 2020 Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Series 2020 Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Series 2020 Bonds.

Absence of Secondary Market

No representation is made concerning the existence of any secondary market for the Series 2020 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2020 Bonds and no assurance can be given that the initial offering prices for the Series 2020 Bonds will continue for any period of time. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

CONTINUING DISCLOSURE

The Community Facilities District has covenanted for the benefit of the Owners and beneficial owners of the Series 2020 Bonds to provide certain financial information and operating data relating to the Series 2020 Bonds, the Community Facilities District, the Special Tax, delinquency rates for the Community Facilities District, and the status of foreclosure proceedings, if any, relating to the Special Tax, and CFD No. 08-1, the CFD No. 08-1 Special Tax, delinquency rates for CFD No. 08-1, and the status of foreclosure proceedings, if any, relating to the CFD No. 08-1 Special Tax (the “Annual Report”), commencing with the Annual Report for the 2019-20 Fiscal Year. The Annual Report will be filed on behalf of the Community Facilities District with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), for purposes of Rule 15c2-12(b)(5) (the “Rule”) adopted by the U.S. Securities and Exchange Commission (“SEC”). In addition, the Community Facilities District has covenanted for the benefit of holders and Beneficial Owners of the Series 2020 Bonds to provide notices of the occurrence of certain enumerated events, which will be filed on behalf of the Community Facilities District with the EMMA System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (“Rule 15c2-12”).

The Board of Education acts as the legislative body of the Community Facilities District, CFD No. 86-1 and other community facilities districts formed by the School District, and as the legislative body for the Irvine Unified School District Financing Authority (the “Authority”). In 2018, in connection with the Community Facilities District’s undertaking to provide continuing disclosure for its Series 2017 Bonds, an annual report that was filed timely, required a correction and was reposted 5 days after the due date. In 2020, in connection with undertakings by the Community Facilities District, the Authority, CFD No. 86-1 and other community facilities districts formed by the School District, annual reports were posted 1 day late. Notices of failures to timely file were not deemed necessary in these instances and were not filed. Also during the past 5 years, some of these failed to timely file notices of rating changes due to rating changes of the insured bond ratings or ratings of letter of credit banks.

The Community Facilities District, the Authority, CFD No. 86-1 and other community facilities districts formed by the School District, have in recent years engaged third parties for the purpose of implementing procedures to accurately prepare and file their annual reports on a timely basis.

CONCLUDING INFORMATION

Tax Exemption

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2020 Bonds is less than the amount to be paid at maturity of such Series 2020 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2020 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2020 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2020 Bonds is the first price at which a substantial amount of such maturity of the Series 2020 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2020 Bonds accrues daily over the term to maturity of such Series 2020 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2020 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2020 Bonds. Beneficial Owners of the Series 2020 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2020 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2020 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2020 Bonds is sold to the public.

Series 2020 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the

amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2020 Bonds. The Community Facilities District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2020 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2020 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2020 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2020 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2020 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2020 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Community Facilities District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Community Facilities District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2020 Bonds ends with the issuance of the Series 2020 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Community Facilities District or the Beneficial Owners regarding the tax-exempt status of the Series 2020

Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Community Facilities District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Community Facilities District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2020 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2020 Bonds, and may cause the Community Facilities District or the Beneficial Owners to incur significant expense.

Legal Opinions

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. See APPENDIX D – “PROPOSED FORM OF BOND COUNSEL OPINION.” Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California and for the Community Facilities District by its counsel, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation.

Financial Interests

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, and Underwriter’s Counsel is generally contingent upon the issuance and delivery of the Series 2020 Bonds. Orrick, Herrington & Sutcliffe LLP represents Stifel, Nicolaus & Company, Incorporated on matters unrelated to the Series 2020 Bonds.

Municipal Advisor

Fieldman, Rolapp & Associates, Inc. has acted as Municipal Advisor to the Community Facilities District in connection with the issuance of the Series 2020 Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon issuance of the Series 2020 Bonds.

No Litigation

No litigation is pending or, to the best knowledge of the Community Facilities District, threatened, concerning the validity of the Series 2020 Bonds and a certificate of the Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2020 Bonds. The Community Facilities District is not aware of any litigation pending or threatened which questions the existence of in the Community Facilities District or CFD No. 08-1 or contests the Community Facilities District’s power to levy and collect the Special Taxes or authority to issue the Series 2020 Bonds or CFD No. 08-1’s power to make the Installment Payments to the Community Facilities District pursuant to the Installment Purchase Agreement or to levy and collect the CFD No. 08-1 Special Taxes.

Underwriting

The Series 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) pursuant to a Bond Purchase Agreement between the Underwriter and the Community Facilities District (the “Purchase Agreement”), under which Underwriter has agreed to purchase all of the Series 2020 Bonds for an aggregate purchase price of \$_____, which represents the par amount of the Series 2020 Bonds, plus [net] original issue premium of \$_____, less an Underwriter’s discount of \$_____. The Purchase Agreement provides that the Underwriter will purchase all of the Series 2020 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2020 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

Rating; No Underlying Rating

S&P Global Ratings (“S&P”) will assign the rating of “AA” to the Insured Series 2020 Bonds with the understanding that, upon delivery of the Insured Series 2020 Bonds, the Policy will be issued by the Insurer. S&P has not been requested to assign an underlying rating for the Series 2020 Bonds. S&P may have obtained and considered information and material which has not been included in this Official Statement. Such rating reflects only the view of such rating organization and any desired explanation of the significance of such rating may be obtained from S&P at the following address: Standard & Poor’s, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward, withdrawn entirely or upgraded by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such revision or withdrawal of such rating may have an effect on the market price for the Insured Series 2020 Bonds.

Rating Downgrades of Municipal Bond Insurers. In the past, Moody’s Investors Service, S&P and Fitch Ratings (the “Rating Agencies”) have each downgraded the claims-paying ability and financial strength of various bond insurance companies. Downgrades or negative changes in the rating outlook are possible. In addition, in the past events in the credit markets have had a substantial negative effect on the bond insurance business. Should similar events occur, such events could have a material adverse effect on the claims paying ability of the Insurer. None of the Community Facilities District, CFD No. 08-1, the School District, the Municipal Advisor or the Underwriter has made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength thereof can be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Community Facilities District to pay the principal of and interest on the Series 2020 Bonds and, in the case of the Insured Series 2020 Bonds, the claims paying ability of the Insurer, particularly over the life of the investment.

Miscellaneous

The quotations from, and the summaries and explanations of the Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement, the Act, the Rate and Method, the CFD No. 08-1 Rate and Method, and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is submitted only in connection with the sale of the Series 2020 Bonds by the Community Facilities District. This Official Statement is not to be construed as a contract or agreement between the Community Facilities District and the purchasers of the Series 2020 Bonds.

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

**IRVINE UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT
NO. 09-1**

By: _____
Assistant Superintendent, Business
Services/Chief Financial Officer of the
Irvine Unified School District

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 09-1)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR IRVINE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 09-1

A Special Tax shall be levied and collected within Irvine Unified School District Community Facilities District No. 09-1 each Fiscal Year in the amounts determined as provided below.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“Administrative Expenses” means any reasonably necessary or appropriate expenses incurred in the administration of CFD No. 09-1 and the Bonds, including but not limited to the administrative and legal costs of levying and collecting the Special Tax (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of the Special Tax); the fees, costs and indemnifications of any bond trustee, fiscal agent, or paying agent; remarketing, credit enhancement, and liquidity facility fees and costs; the costs incurred in connection with on-going disclosure in connection with the Bonds; the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property; amounts required to calculate and pay arbitrage rebate payments to the federal government; and an allocable share of the salaries of the School District staff providing services on behalf of CFD No. 09-1 directly related to the foregoing and a proportionate amount of School District general administrative overhead related thereto.

“Assessor’s Parcel” means a lot or parcel within CFD No. 09-1 with an assigned Assessor’s Parcel number shown on an Assessor’s Parcel Map.

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

“Board of Education” means the Board of Education of the School District, acting as the legislative body of CFD No. 09-1.

“Bond” means any form of “debt,” as defined in Section 53317(d) of the Act, which is payable from Special Taxes and which has been issued or incurred pursuant to the Act by CFD No. 09-1.

“Bond Year” means, with respect to each issue of Bonds, the period that commences on the date on which such Bonds are issued and, subsequent to such issuance, on each September 2, and ends on the following September 1.

“Building Permit” means a building permit issued by the City of Irvine for new construction.

“CFD No. 06-1” means Irvine Unified School District Community Facilities District No. 06-1 (Portola Springs).

“CFD No. 06-1 Actual Special Tax” means, with respect to an Assessor’s Parcel that is within CFD No. 06-1, for each Fiscal Year, the actual CFD No. 06-1 Special Tax levied upon such Assessor’s Parcel in such Fiscal Year.

“CFD No. 06-1 Special Tax” means the special tax authorized to be levied within CFD No. 06-1 pursuant to the Rate and Method of Apportionment of Special Taxes for CFD No. 06-1.

“CFD No. 07-1” means Irvine Unified School District Community Facilities District No. 07-1 (Stonegate).

“CFD No. 07-1 Actual Special Tax” means, with respect to an Assessor’s Parcel that is within CFD No. 07-1, for each Fiscal Year, the actual CFD No. 07-1 Special Tax levied upon such Assessor’s Parcel in such Fiscal Year.

“CFD No. 07-1 Special Tax” means the special tax authorized to be levied within CFD No. 07-1 pursuant to the Rate and Method of Apportionment of Special Taxes for CFD No. 07-1.

“CFD No. 09-1” means Irvine Unified School District Community Facilities District No. 09-1.

“CFD No. 86-1” means Community Facilities District No. 86-1 of the Irvine Unified School District.

“CFD No. 86-1 Actual Special Tax” means, with respect to an Assessor’s Parcel that is within CFD No. 86-1, for each Fiscal Year, the actual CFD No. 86-1 Special Tax levied upon such Assessor’s Parcel in such Fiscal Year.

“CFD No. 86-1 Special Tax” means the special tax authorized to be levied within CFD No. 86-1 pursuant to the Rate and Method of Apportionment of Special Taxes for CFD No. 86-1.

“County” means the County of Orange.

“Debt Service Requirement” means for each Fiscal Year the sum of (a) the principal of and interest on Bonds coming due in the Bond Year which begins in such Fiscal Year or, in the case of interest on Variable Rate Bonds, the amount which CFD No. 09-1 reasonably estimates will come due in such Bond Year, except to the extent such principal or interest is expected by CFD No. 09-1 to be paid from proceeds from the sale of Bonds or other amounts then available and required or permitted to be used for such purpose, (b) the amount of the Special Tax levied but unpaid during the Fiscal Year immediately preceding the Fiscal Year for which the Debt Service Requirement is being determined, (c) the sum of all deposits required to be made during the Bond Year referred to in clause (a) into any reserve fund or any sinking fund established with respect to any Bonds, and (d) the Administrative Expenses which the CFD reasonably estimates will be required to be paid through the end of the Bond Year referred to in clause (a) and for the payment of which the CFD reasonably estimates that it will not have other revenues available.

“Developed Property” means, for each Fiscal Year, each Assessor’s Parcel of Taxable Property for which a Building Permit for construction of one or more Dwelling Units was issued prior to July 1 of such Fiscal Year.

“Dwelling Unit” means an individual single-family detached dwelling unit or an individual residential unit within a duplex, triplex, fourplex, townhome, condominium, cluster type or apartment structure for which a residential Building Permit has been issued. “Dwelling Unit” does not mean (i) a

hotel or motel room or (ii) an accessory structure to a single-family detached dwelling unit such as a granny flat, garage apartment or carriage home.

“Exempt Property” means, for each Fiscal Year, an Assessor’s Parcel classified as Public Property, Property Owners Association Property or Non-Residential Property or which is otherwise exempt from the Special Tax pursuant to Section E below.

“Final Map” means a recorded final map, parcel map, or lot line adjustment by which a subdivision of property has been made pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or a recorded condominium plan approved pursuant to California Civil Code Section 1352 that creates parcel(s), lot(s) or unit(s) for which Building Permits may be issued for Dwelling Units without further subdivision. The term “Final Map” shall not include any large lot subdivision map, Assessor’s Parcel Map, or subdivision map, or portion thereof, that does not create such parcel(s), lot(s) or unit(s).

“Final Map Property” means, for each Fiscal Year, each Assessor’s Parcel of Taxable Property within a Final Map that had recorded prior to July 1 of such Fiscal Year that is not classified as Developed Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Maximum Special Tax” means, for each Fiscal Year, with respect to an Assessor’s Parcel, the highest Special Tax, determined in accordance with Section C, that can be levied on such Assessor’s Parcel in any Fiscal Year.

“Mixed Assessor’s Parcel” means, for each Fiscal Year, an Assessor’s Parcel that includes multiple legal parcels created by a Final Map, for which Assessor’s Parcel numbers have not yet been assigned and that will, in the next Fiscal Year, be classified as Developed Property, Final Map Property, Undeveloped Property and/or Exempt Property.

“Non-Residential Property” means, for each Fiscal Year, each Assessor’s Parcel for which a Building Permit was issued for a commercial, office, industrial, hotel/motel, institutional or other non-residential use prior to July 1 of such Fiscal Year.

“Parcel Area” means the acreage of an Assessor’s Parcel as stated on the most recent Assessor’s Parcel Map, or if the acreage is not shown on such Assessor’s Parcel Map, the acreage as determined from the applicable Final Map or similar instrument.

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

“Prepayment Administrative Fees” means the fees and expenses associated with the prepayment, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds, as described in Section H.

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

“Present Value of Special Taxes” is defined in Section H.1.

“Property Owners Association Property” means any property within CFD No. 09-1 that is owned by a homeowners association, a property owners association, or a private land trust. “Property Owners Association Property” shall also include property designated as homeowners association or property owners association property or private open space in a Final Map whether or not such property has yet been conveyed to a homeowners association, a property owners association, or a private land trust.

“Proportionately” means (i) for each Fiscal Year, for Final Map Property, that the ratio of the actual Special Tax levied in such Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Final Map Property; and (ii) for each Fiscal Year, for Undeveloped Property, that the ratio of the actual Special Tax levied in such Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means, for each Fiscal Year, an Assessor’s Parcel within the boundaries of CFD No. 09-1 that is either (i) owned by, dedicated to or irrevocably offered for dedication to the federal government, the State of California, the School District, or any other public agency, or (ii) determined by CFD No. 09-1 to be subject to public utility easements or easements for other public purposes to such an extent that it would be impractical to use such property for any substantial purpose other than the purpose or purposes set forth in the easement; provided, however, that any Assessor’s Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified according to its use.

“Reserve Fund Credit” means the lesser of: (i) the amount of the expected reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or Partial Prepayment Amount, or (ii) the amount derived by subtracting the new reserve requirement in effect after the redemption of Bonds with the Prepayment Amount or Partial Prepayment Amount from the balance in the reserve fund on the date of prepayment, but in no event shall such amount be less than zero. In the event that a surety bond or other credit instrument satisfies all or a portion of the reserve fund requirement, no Reserve Fund Credit shall be given for the portion satisfied by such surety bond or other credit instrument.

“School District” means the Irvine Unified School District, or any successor thereto.

“School Facilities” means up to four new elementary schools within the boundaries of CFD No. 09-1 and a portion of a new high school.

“Special Tax” means the special tax authorized by the qualified electors of CFD No. 09-1 to be levied pursuant to this Rate and Method of Apportionment.

“Tax Administrator” means such person or firm as may from time to time be authorized or directed by the Board of Education to undertake the duties of the Tax Administrator hereunder.

“Taxable Property” means, for each Fiscal Year, each Assessor’s Parcel within CFD No. 09-1 that is not Exempt Property in such Fiscal Year or that is not otherwise exempt from the Special Tax for such Fiscal Year pursuant to law or Section E below.

“Undeveloped Property” means, in each Fiscal Year, each Assessor’s Parcel of Taxable Property that is not classified as Developed Property or Final Map Property.

“Variable Rate Bond” means any Bond whose interest rate is not fixed through its maturity.

B. DETERMINATION AS TO ASSESSOR'S PARCELS

Prior to the levy of the Special Tax pursuant to Section D below in each Fiscal Year, the Tax Administrator shall make the following determinations, classifications, and assignments:

1. Each Assessor's Parcel within CFD No. 09-1 shall be determined to be either Taxable Property or Exempt Property.
2. Each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Final Map Property or Undeveloped Property.
3. The number of Dwelling Units for which building permits have been issued for each Assessor's Parcel classified as Developed Property shall be determined.
4. In each of Fiscal Years 2009-10 through 2055-56, the CFD No. 06-1 Actual Special Tax for each Assessor's Parcel that is within CFD No. 06-1 for such Fiscal Year shall be determined.
5. In each of Fiscal Years 2009-10 through 2019-20, the CFD No. 86-1 Actual Special Tax for each Assessor's Parcel that is within CFD No. 86-1 for such Fiscal Year shall be determined.
6. The Tax Administrator shall determine whether or not CFD No. 07-1 has been dissolved pursuant to Section 53338.5 of the Act. If CFD No. 07-1 has not been dissolved, the CFD No. 07-1 Actual Special Tax for each Assessor's Parcel that is within CFD No. 07-1 for such Fiscal Year shall be determined. In addition, the Tax Administrator shall determine those Assessor's Parcels for which the CFD No. 07-1 special tax obligation has been fully prepaid prior to the dissolution of CFD No. 07-1 and such Assessor's Parcels shall be exempt from the levy of the Special Tax.
7. For each Mixed Assessor's Parcel, the Tax Administrator shall determine the Parcel Area of the legal parcels within the Mixed Assessor's Parcel to be classified as Developed Property, Final Map Property, Undeveloped Property and Exempt Property in the next Fiscal Year. The Parcel Area of such legal parcels to be classified as Final Map Property and Undeveloped Property shall be used to calculate the Special Tax that will apply, if any, pursuant to Section C and Section D below.

C. MAXIMUM SPECIAL TAX RATES

The Maximum Special Tax for an Assessor's Parcel of Taxable Property for each Fiscal Year shall be the amount indicated below.

1. **Developed Property.** For each Fiscal Year, the Maximum Special Tax applicable to each Assessor's Parcel of Developed Property shall be the remainder of (i) the product of \$1,700.00 per Dwelling Unit multiplied by the number of Dwelling Units for which building permits have been issued for the Assessor's Parcel minus (ii) the CFD No. 86-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any, minus (iii) the CFD No. 06-1 Actual Special Tax¹ levied on such Assessor's Parcel in such Fiscal Year, if any, minus (iv) the CFD No. 07-1 Actual Special Tax¹ levied on such Assessor's Parcel in such Fiscal Year, if any.

¹ The Rate and Method also refers to subtracting CFD No. 06-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any, and CFD No. 07-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any. As indicated in the body of the Official Statement under the caption "THE COMMUNITY FACILITIES DISTRICT – Mitigation Agreement," proceeds of previously issued special tax notes of CFD No. 09-1 prepaid the CFD No. 06-1 special taxes applicable to assessor's parcels within the boundaries of CFD No. 09-1 that were also within the boundaries of CFD No. 06-1. As a result thereof the lien of CFD No. 06-1 with respect to such parcels has been released. In addition, amounts available to the School District were applied to the redemption of Special Tax Notes of CFD No. 07-1 and CFD No. 07-1 has been dissolved.

2. **Final Map Property and Undeveloped Property.** For each Fiscal Year, the Maximum Special Tax applicable to each Assessor's Parcel of Final Map Property or Undeveloped Property shall be the product of \$35,000.00 multiplied by the Parcel Area of such Assessor's Parcel.

3. **Mixed Assessor's Parcel.** For each Fiscal Year, the Maximum Special Tax applicable to each Mixed Assessor's Parcel shall be the total of (i) the product of \$1,700.00 per Dwelling Unit multiplied by the number of Dwelling Units for which Building Permits have been issued for such Assessor's Parcel prior to July 1 of such Fiscal Year plus (ii) the product of \$35,000.00 multiplied by the remaining Parcel Area that will be classified as Final Map Property and Undeveloped Property in the next Fiscal Year, as determined pursuant to Section B above, minus (iii) the CFD No. 86-1 Actual Special Tax levied on such Assessor's Parcel in such Fiscal Year, if any, minus (iv) the CFD No. 06-1 Actual Special Tax¹ levied on such Assessor's Parcel in such Fiscal Year, if any, minus (v) the CFD No. 07-1 Actual Special Tax¹ levied on such Assessor's Parcel in such Fiscal Year, if any.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Except as provided in Section D.2 below, in each Fiscal Year, the Board of Education shall levy the Special Tax on each Assessor's Parcel of Developed Property, other than Mixed Assessor's Parcels classified as Developed Property in such Fiscal Year, at a rate equal to its Maximum Special Tax. Except as provided in Section D.2, below, in each Fiscal Year, the Board of Education shall levy the Special Tax on each Mixed Assessor's Parcel classified as Developed Property in such Fiscal Year in an amount calculated pursuant to Section C.1 as if the legal parcels to be classified as Developed Property in the next Fiscal Year had been classified as Developed Property in the current Fiscal Year. Except as provided in Section D.2 below, to the extent that the levy of Special Taxes on all Assessor's Parcels of Developed Property (other than Mixed Assessor's Parcels) at the Maximum Special Tax and all Mixed Assessor's Parcels classified as Developed Property in the amount calculated pursuant to the preceding sentence is not sufficient to fully fund the Debt Service Requirement for such Fiscal Year, then:

First: the Special Tax shall be levied Proportionately on all Assessor's Parcels of Final Map Property in the aggregate amount in excess of the amount of the levy on all Assessor's Parcels of Developed Property above required to fully fund the Debt Service Requirement for such Fiscal Year, provided that in no event shall the amount of the Special Tax so levied exceed the Maximum Special Tax applicable to Final Map Property; and

Second: to the extent additional money is needed in order to fully fund the Debt Service Requirement for such Fiscal Year, the Special Tax shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property in the aggregate amount in excess of the amount of the levy on all Assessor's Parcels of Developed Property and Final Map Property above required to fully fund the Debt Service Requirement, provided that in no event shall the amount of the Special Tax so levied exceed the Maximum Special Tax applicable to Undeveloped Property.

For each Mixed Assessor's Parcel, the Parcel Area of the legal parcels within a Mixed Assessor's Parcel to be classified as Final Map Property and Undeveloped Property in the next Fiscal Year shall be used to calculate the amount of Special Tax to be levied on the Mixed Assessor's Parcel pursuant to the First and Second step, respectively, above, which amount(s) shall be in addition to the amount calculated above in this Section D.1 for each Mixed Assessor's Parcel classified as Developed Property in the current Fiscal Year.

2. In the first Fiscal Year commencing after all of the following conditions are satisfied, and in each Fiscal Year thereafter, the Board of Education may levy the Special Tax on each Assessor's Parcel of Developed Property, at a rate less than the Maximum Special Tax such that the aggregate of the

Special Tax, the CFD No. 86-1 Actual Special Tax, the CFD No. 06-1 Actual Special Tax and the CFD No. 07-1 Actual Special Tax with respect to each Dwelling Unit within the Assessor's Parcel is equal; provided, however, that the amount of the Special Taxes levied in any such Fiscal Year shall in no event be less than the Debt Service Requirement:

(i) either (A) all Bonds previously issued to finance the School Facilities have been fully defeased or repaid in full or (B) the Board of Education determines by resolution that the amount of the levy of Special Taxes on all Assessor's Parcels of Developed Property exceeds the Debt Service Requirement by an amount deemed sufficient by the Board of Education to satisfy applicable covenants with respect to the outstanding Bonds; and

(ii) the School Facilities have been fully financed.

In the first Fiscal Year commencing after all of the following conditions are satisfied, and in each Fiscal Year thereafter, the Special Tax shall not be levied on Assessor's Parcels of Final Map Property or Undeveloped Property:

(i) the Board of Education determines by resolution that the Special Tax shall no longer be levied on Assessor's Parcels of Final Map Property or Undeveloped Property;

(ii) either (A) all Bonds previously issued to finance the School Facilities have been fully defeased or repaid in full or (B) the Board of Education determines by resolution that the amount of the levy of Special Taxes on all Assessor's Parcels of Developed Property exceeds the Debt Service Requirement by an amount deemed sufficient by the Board of Education to satisfy applicable covenants with respect to the outstanding Bonds; and

(iii) the School Facilities have been fully financed.

Under no circumstances shall Special Taxes be levied after the 2059-2060 Fiscal Year, except that Special Taxes that were lawfully levied in or before such Fiscal Year and that remain delinquent may be collected in subsequent Fiscal Years.

E. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment, no Special Taxes shall be levied in any Fiscal Year on Assessor's Parcels classified as Property Owners Association Property, Public Property or Non-Residential Property and on Assessor's Parcels for which the CFD No. 07-1 special tax obligation has been fully prepaid.

F. APPEALS

Any landowner who feels that the amount of the Special Tax levied on such landowner's property is in error may file a notice with CFD No. 09-1 appealing the amount of the Special Tax; provided, however, that the filing of a notice does not relieve such landowner of the obligation to pay in full the actual Special Tax levied. A representative of CFD No. 09-1 will then review the appeal and, if necessary, meet with the applicant. If the findings of the CFD No. 09-1 representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected, or if the amount has been paid and a Special Tax levy correction cannot be accomplished in that Fiscal Year, then the overpaid amount shall be credited in the next Fiscal Year(s) and/or refunded from available Special Taxes levied and collected in the following Fiscal Year(s).

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 09-1 may collect such Special Taxes at a different time or in a different manner if necessary or convenient to meet its financial obligations. Under no circumstances may the Special Tax on an Assessor's Parcel used for private residential purposes in CFD No. 09-1 be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation of an Assessor's Parcel may be prepaid in whole or in part as set forth below. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide CFD No. 09-1 with written notice of intent to prepay all or part of their Special Tax obligation. Within thirty days of receipt of such written notice, the Special Tax Administrator of CFD No. 09-1 shall determine the Prepayment Amount or Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of the Prepayment Amount or Partial Prepayment Amount in writing. In addition, any owner of an Assessor's Parcel prepaying all or part of his or her Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any.

1. Prepayment in Full

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

$$P = PVST - RFC + PAF + DST$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVST	=	Present Value of Special Taxes (defined below)
PAF	=	Prepayment Administrative Fees
RFC	=	Reserve Fund Credit
DST	=	Delinquent Special Taxes, penalties and interest

The term "Present Value of Special Taxes" means, with respect to an Assessor's Parcel, as of any date, the sum of (i) the unpaid portion, if any, of the Special Tax levied on the Assessor's Parcel in the current Fiscal Year and (ii) the present value of the aggregate amount of Special Tax expected to be levied on such Assessor's Parcel in all remaining Fiscal Years, taking into account the CFD No. 86-1 Special Tax and CFD No. 06-1 Special Tax applicable to the Assessor's Parcel, until the termination of the Special Tax as specified in Section D. The discount rate used for the present value calculation shall be 4.00%. The Tax Administrator shall determine the CFD No. 86-1 Special Tax and CFD No. 06-1 Special Tax applicable to an Assessor's Parcel in future Fiscal Years based upon the current Fiscal Year's CFD No. 86-1 Actual Special Tax and CFD No. 06-1 Actual Special Tax levy, if any, with respect to such Assessor's Parcel and use such amounts in each subsequent Fiscal Year in which the CFD No. 86-1 Special Tax and CFD No. 06-1 Special Tax is authorized to be levied in order to calculate the present value of the aggregate amount of Special Tax expected to be levied on such Assessor's Parcel.

With respect to any Assessor's Parcel that has prepaid its Special Tax obligation in full, CFD No. 09-1 shall indicate in the records of CFD No. 09-1 that there has been a prepayment of the Special

Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no prepayment in full will be allowed unless the amount of Special Taxes that may be levied on Developed Property after such prepayment plus the amount of other CFD No. 09-1 funds that have been set aside to pay debt service on outstanding Bonds, net of reasonably estimated CFD No. 09-1 Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments in each future Fiscal Year on all Bonds that would remain outstanding after a portion of the Bonds are redeemed with such prepayment.

2. Partial Prepayment of Special Taxes

The 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 Special Tax obligation would be prepaid in part.

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

$$PP = (PVST \times A) + PAF + DST$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount
A = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation

With respect to any Assessor's Parcel that has partially prepaid its Special Tax obligation, CFD No. 09-1 shall indicate in the records of CFD No. 09-1 that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Special Tax on the Assessor's Parcels have 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 Special Taxes that may be levied on Developed Property after such partial prepayment plus the amount of other CFD No. 09-1 funds that have been set aside to pay debt service on outstanding Bonds, net of reasonably estimated CFD No. 09-1 Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments in each future Fiscal Year on all Bonds that would remain outstanding after a portion of the Bonds are redeemed with such partial prepayment.

I. INTERPRETATION AND APPLICATION

The interpretation and application of this document are subject to the exercise of discretion by CFD No. 09-1.

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APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (CFD NO. 08-1)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR IRVINE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 08-1

A Special Tax shall be levied and collected within Irvine Unified School District Community Facilities District No. 08-1 (Stonegate Apartments) each Fiscal Year in an amount determined by the Board of Education as described below. All of the property in CFD No. 08-1 shall be taxed for the purposes, to the extent, and in the manner herein provided. Notwithstanding the foregoing, the Special Tax is not authorized to be levied for any purpose until the Fiscal Year following the Fiscal Year in which CFD No. 07-1 is dissolved pursuant to Section 53338.5 of the Act.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel within CFD No. 08-1 with an assigned Assessor’s Parcel number shown on an Assessor’s Parcel Map.

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

“Board of Education” means the Board of Education of the School District, acting as the legislative body of CFD No. 08-1.

“CFD No. 07-1” means Irvine Unified School District Community Facilities District No. 07-1 (Stonegate).

“CFD No. 08-1” means Irvine Unified School District Community Facilities District No. 08-1 (Stonegate Apartments).

“CFD No. 86-1” means Community Facilities District No. 86-1 of the Irvine Unified School District.

“CFD No. 86-1 Special Tax” means, for each Fiscal Year, the actual CFD No. 86-1 special tax levied upon an Assessor’s Parcel.

“County” means the County of Orange.

“Developed Property” means lots 17 and 19 of Tract No. 17086 as shown on a map filed in Book 890, pages 1 to 20 inclusive of Miscellaneous Maps of Orange County, California, or as such lots may be further subdivided.

“Dwelling Unit” means an individual residential unit within an Assessor’s Parcel for which a building permit has been issued.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Maximum Special Tax” means, with respect to an Assessor’s Parcel, the highest Special Tax, determined in accordance with Section C, that can be levied on such Assessor’s Parcel in any Fiscal Year.

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

“Prepayment Administrative Fees” means the fees and expenses associated with the prepayment, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds, as described in Section H.

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

“Present Value of Taxes” means the present value of (i) the unpaid portion, if any, of the Special Tax applicable to an Assessor’s Parcel in the current Fiscal Year and (ii) the expected Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination of the Special Tax as specified in Section D. The discount rate used for the present value calculation shall be 4.00%.

“Proportionately” means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property.

“Rate and Method” means this Rate and Method of Apportionment of Special Taxes for CFD No. 08-1.

“Reserve Fund Credit” means the lesser of: (i) the amount of the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or Partial Prepayment Amount, or (ii) the amount derived by subtracting the new reserve requirement in effect after the redemption of Bonds with the Prepayment Amount or Partial Prepayment Amount from the balance in the reserve fund on the date of prepayment, but in no event shall such amount be less than zero. In the event that a surety bond or other credit instrument satisfies the reserve fund requirement no Reserve Fund Credit shall be given.

“School District” means the Irvine Unified School District or any successor thereto.

“Special Tax” means the special tax authorized by the qualified electors of CFD No. 08-1 to be levied pursuant to this Rate and Method of Apportionment.

“Special Tax Administrator” means such person or firm as may from time to time be authorized or directed by the Board of Education to undertake the duties of the Special Tax Administrator hereunder.

B. DETERMINATION AS TO TYPE OF PROPERTY

Prior to the levy of the Special Tax pursuant to Section D below in each Fiscal Year, the Special Tax Administrator shall make the following determinations, classifications, and assignments, with respect to CFD No. 08-1:

1. The number of Dwelling Units attributable to each Assessor's Parcel classified as Developed Property shall be determined.

2. In each of Fiscal Years 2009-10 through 2019-20, the CFD No. 86-1 Special Tax to be levied on each Assessor's Parcel shall be determined.

C. MAXIMUM SPECIAL TAX RATES

The Maximum Special Tax for an Assessor's Parcel of Developed Property for each Fiscal Year shall be the amount indicated below.

<u>Developed Property</u>	
Maximum Special Tax Fiscal Year 2009-10 through 2019-20	Maximum Special Tax Fiscal Year 2020-21 through 2049-50
\$1,100.00 per Dwelling Unit less the CFD No. 86-1 Special Tax	\$1,100.00 per Dwelling Unit

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

In each Fiscal Year, commencing in Fiscal Year 2009-10, the Board of Education shall levy the Special Tax on each Assessor's Parcel of Developed Property at a rate up to its Maximum Special Tax. Should the Board of Education elect to levy the Special Tax at a rate less than the Maximum Special Tax in a Fiscal Year, it shall levy the Special Tax Proportionately on each Assessor's Parcel of Developed Property within CFD No. 08-1.

Notwithstanding the foregoing, no Special Taxes shall be levied after the 2049-2050 Fiscal Year.

E. NO EXEMPTIONS

The intention of this Rate and Method is to levy and collect special taxes from each Assessor's Parcel classified as Developed Property within the boundaries of CFD No. 08-1 without regard to the ownership of the Assessor's Parcel. Assessor's Parcels that have previously been classified as Developed Property and are then acquired by a public agency or other entity that is exempt from ordinary *ad valorem* taxes shall not be exempt from the Special Taxes.

F. APPEALS

Any landowner of an Assessor Parcel who feels that the amount of the Special Tax levied on such Assessor Parcel is in error may file a written notice with CFD No. 08 1 appealing the amount of the Special Tax; provided, however, that the filing of such notice does not relieve such landowner of the obligation to pay in full the actual Special Tax levied. A representative of CFD No. 08-1 will then review the appeal and, if necessary, meet with the landowner. If the findings of the CFD No. 08-1 representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected, or if the amount has been paid, then it shall be refunded from available Special Taxes levied and collected in the current or each following Fiscal Year.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 08-1 may collect such Special Taxes at a different time or in a different manner if necessary or convenient to meet its financial obligations. Under no circumstances will the Special Tax levied in any Fiscal Year on one Assessor's Parcel be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation of an Assessor's Parcel may be prepaid in whole or in part as set forth below. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide CFD No. 08-1 with written notice of intent to prepay all or part of their Special Tax obligation. Within thirty days of receipt of such written notice, the Special Tax Administrator of CFD No. 08-1 shall determine the Prepayment Amount or Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of the Prepayment Amount or Partial Prepayment Amount in writing. In addition, any owner of Assessor's Parcel prepaying all or part of his or her Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any.

1. Prepayment in Full

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

$$P = PVST - RFC + PAF + DST$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVST	=	Present Value of Taxes
PAF	=	Prepayment Administrative Fees
RFC	=	Reserve Fund Credit
DST	=	Delinquent Special Taxes, penalties and interest

With respect to any Assessor's Parcel that has prepaid its Special Tax obligation in full, CFD No. 08-1 shall indicate in the records of CFD No. 08-1 that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no prepayment in full will be allowed unless the amount of Special Taxes that may be levied on Developed Property after such prepayment plus the amount of other CFD No. 08-1 funds that have been set aside to pay debt service on outstanding Bonds, net of CFD No. 08-1 administrative expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments in each future Fiscal Year on all Bonds that would remain outstanding after a portion of the Bonds are redeemed with such prepayment.

2. Partial Prepayment of Special Taxes

The 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 Special Tax obligation would be prepaid in part.

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

$$PP = (PA - PAF - DST) \times A + PAF + DST$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
PA	=	the Prepayment Amount calculated according to Section H.1
A	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation
PAF	=	the Prepayment Administrative Fees

With respect to any Assessor's Parcel that has partially prepaid its Special Tax obligation, CFD No. 08-1 shall indicate in the records of CFD No. 08-1 that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Special Tax on the Assessor's Parcels have 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 Special Taxes that may be levied on Developed Property after such partial prepayment plus the amount of other CFD No. 08-1 funds that have been set aside to pay debt service on outstanding Bonds, net of CFD No. 08-1 administrative expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments in each future Fiscal Year on all Bonds that would remain outstanding after a portion of the Bonds are redeemed with such partial prepayment.

I. INTERPRETATION AND APPLICATION

The interpretation and application of this document are subject to the exercise of discretion by CFD No. 08-1.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INSTALLMENT PURCHASE AGREEMENT

The following is a summary of certain provisions of the Indenture and the Installment Purchase Agreement. This summary does not purport to be comprehensive, and reference should be made to the Indenture and the Installment Purchase Agreement for a full and complete statement of its provisions.

INDENTURE

Definitions

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

“Additional Adjustable Rate Bonds” means Adjustable Rate Bonds issued under and in accordance with the provisions of the Indenture.

“Additional Bonds” means Fixed Rate Bonds and Additional Adjustable Rate Bonds.

“Additional Reserve Policy” means a letter of credit, insurance policy, surety bond or other such funding instrument approved by the Insurer and the Insurer and deposited with the Trustee pursuant to the Indenture.

“Adjustable Rate Administrative Expense Account” means the account by that name within the Administrative Expense Fund established and held by the Trustee pursuant to the Indenture.

“Adjustable Rate Administrative Expenses” means any reasonably necessary or appropriate expenses incurred in the administration of the Community Facilities District (and allocable, in the reasonable determination of the Community Facilities District, to the Adjustable Rate Bonds) and the Adjustable Rate Bonds, including, but not limited to (a) the administrative and legal costs of levying and collecting the Special Tax on Direct Bill Property and a proportionate share of the administrative and legal costs of levying and collecting the Special Tax on Tax Roll Property (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnifications due the Trustee or a Remarketing Agent allocable to the Adjustable Rate Bonds, (c) all amounts due to a Bank from time to time under the Reimbursement Agreement pursuant to which such Bank’s Letter of Credit is issued, other than amounts due to such Bank to reimburse such Bank, with interest as provided in such Reimbursement Agreement, for draws honored under such Letter of Credit, (d) the costs incurred with on-going disclosure in connection with the Adjustable Rate Bonds, (e) a proportionate share of the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (f) a proportionate share of the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (g) an allocable share of the salaries of the School District staff providing services on behalf of the Community Facilities District directly related to the foregoing and an allocable amount of School District general administrative overhead related thereto; for purposes of this definition, a “proportionate share” of costs or amounts means a share that, as of the date of determination, bears the same relationship to the total of such costs or amounts as the aggregate principal amount of Adjustable Rate Bonds Outstanding on such date bears to the aggregate principal amount of Bonds Outstanding on such date.

“Adjustable Rate Bond Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Adjustable Rate Bonds” means the Series 2012 A Bonds, the Series 2012 B Bonds and any Additional Adjustable Rate Bonds; provided, however, that, from and after the date that any Series 2012 A Bond, Series 2012 B Bond or any Additional Adjustable Rate Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2012 A Bond, Series 2012 B Bond or Additional Adjustable Rate Bond shall no longer be an Adjustable Rate Bond.

“Adjustable Rate Capitalized Payments Account” means the account by that name within the Adjustable Rate Bond Fund established and held by the Trustee pursuant to the Indenture.

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

“Adjustable Rate Mode” means the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode and the Extended Rate Mode.

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

“Adjustable Rate Redemption Account” means the account by that name within the Adjustable Rate Bond Fund established and held by the Trustee pursuant to the Indenture.

“Adjustable Rate Revenues” means, collectively, Remaining Net Tax Roll Revenues and Direct Bill Revenues.

“Adjusted Interest Rate” means, with respect to the interest rate to be borne by an Adjustable Rate Bond during any Adjustment Period, the interest rate per annum determined on the applicable Rate Determination Date in accordance with the Indenture.

“Adjustment Period” means the period of time that any Adjusted Interest Rate remains in effect, which period: (a) with respect to an Adjustable Rate Bond in the Daily Mode, shall be the period consisting of one day; (b) with respect to an Adjustable Rate Bond in a Weekly Mode, initially shall be the period from and including the first day that such Adjustable Rate Bond becomes subject to the Weekly Mode to and including the first following Tuesday and thereafter commencing on each Wednesday to and including Tuesday of the following week; (c) with respect to an Adjustable Rate Bond in the Monthly Mode, initially shall be the period from and including the first day that such Adjustable Rate Bond becomes subject to the Monthly Mode to but not including the first day of the following calendar month and thereafter shall be the period from and including the first day of each calendar month to but not including the first day of the following calendar month; (d) with respect to an Adjustable Rate Bond in the Semi-Annual Mode, initially shall be the period from and including the first day that such Adjustable Rate Bond becomes subject to the Semi-Annual Mode to but not including the next March 1 or September 1, whichever first occurs, and thereafter shall be the period from and including such March 1 or September 1, as applicable, to but not including the next succeeding March 1 or September 1, whichever first occurs; and (e) with respect to an Adjustable Rate Bond in the Extended Rate Mode, initially shall be a period (which shall be at least one year in duration) from and including the first day that such Adjustable Rate Bond becomes subject to the Extended Rate Mode to but not including a subsequent March 1 or September 1 and thereafter may be the period from and including such March 1 or September 1, as applicable, to but not including a future March 1 or September 1, as established by the Community Facilities District pursuant to the Indenture, and which is at least one year in duration.

No Adjustment Period for an Adjustable Rate Bond shall extend beyond the day preceding the maturity date of such Adjustable Rate Bond.

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

“Alternate Letter of Credit” means a letter of credit or other security or liquidity device issued in accordance with the Indenture which shall have a term of not less than one year and shall have the same material terms as the Initial Letters of Credit.

“Alternate Rate” means, on any Rate Determination Date, the rate per annum specified in the Index and in effect on such Rate Determination Date. If no Indexing Agent any longer publishes an Index satisfying the requirements set forth in the definition thereof, the Alternate Rate for an Adjustment Period shall be the rate per annum specified in the most recently published Index for a comparable Adjustment Period.

“Amended Fixed Rate Bonds” means Adjustable Rate Bonds that have been amended to become Fixed Rate Bonds in accordance with the provisions of the Indenture.

“Amended Fixed Rate Bonds Effective Date” means the date selected by the Community Facilities District pursuant to the Indenture to be the effective date of the amendment of Adjustable Rate Bonds to Fixed Rate Bonds.

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

“Apartment Property” means each Assessor’s Parcel that is Developed Property, the building permit for which permits the construction of more than four Dwelling Units, which Dwelling Units are not condominiums.

“Appraised Value” means, with respect to property within the Community Facilities District or CFD No. 08-1, the value of such property, as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

“Assessed Value” means, with respect to any parcel of property within the Community Facilities District or CFD No. 08-1, as of any date, the assessed value of such parcel of property, as such value is shown on the most recently equalized assessment roll of the County Assessor.

“Assessor’s Parcel” has the meaning ascribed to such term in the Rate and Method.

“Assumed Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions); provided, however, that, for purposes of calculating Assumed Debt Service, it shall be assumed (i) with respect to any Adjustable Rate Bonds, the rate of interest used to calculate Assumed Debt Service shall be (A) with respect to Adjustable Rate Bonds then Outstanding, 110% of the greater of (I) the daily average Adjusted Interest Rates for the Outstanding Adjustable Rate Bonds during the 12 calendar months next preceding the

date of such calculation (or the portion of such 12 calendar months that such Adjustable Rate Bonds have been Outstanding), or (II) the most recent Adjusted Interest Rate or Bank Rate, as applicable, for such Adjustable Rate Bonds prior to the date of such calculation, or (B) with respect to Adjustable Rate Bonds being issued simultaneously with the issuance of the Additional Fixed Rate Bonds, in connection with the issuance of which Assumed Debt Service is being calculated, the then current Municipal Market Data General Obligation Yield for a maturity comparable to the maturity of the applicable Adjustable Rate Bonds, as published in The Bond Buyer (or if The Bond Buyer or such yield is no longer published, such other published similar index as shall be selected by the Community Facilities District), (ii) with respect to any Bonds bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or portions thereof, that such accreted discount is due when scheduled to be paid, and (iii) that Assumed Debt Service does not include interest on Bonds that is to be paid from amounts constituting capitalized interest.

“Assumed Fixed Rate Administrative Expenses” means (a) for Fiscal Year 2011-12, \$75,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Assumed Fixed Rate Administrative Expenses on each July 1, from and including the July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

“Authorized Denominations” means (a) with respect to Fixed Rate Bonds, \$5,000 and any integral multiple thereof, and (b) with respect to Adjustable Rate Bonds, \$100,000 and any integral multiple of \$1,000 in excess thereof.

“Authorized Representative” means (a) with respect to the Community Facilities District, the Superintendent and the Assistant Superintendent/Chief Financial Officer of the School District, and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee, and (b) with respect to CFD No. 08-1, the Superintendent and the Assistant Superintendent/Chief Financial Officer of the School District, and any other Person designated as an Authorized Representative of CFD No. 08-1 in a Written Certificate of CFD No. 08-1 filed with the Trustee.

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

“Bank Bonds” means, with respect to Adjustable Rate Bonds of a Series, any such Adjustable Rate Bonds registered in the name of the Bank issuing the Letter of Credit securing the payment of such Adjustable Rate Bonds or such Bank’s nominee pursuant to the Indenture.

“Bank Rate” means the rate borne by Adjustable Rate Bonds of a Series that are Bank Bonds, as provided in the Reimbursement Agreement pursuant to which the Letter of Credit securing payment of such Adjustable Rate Bonds is issued.

“Banks” means (a) the Series 2012 A Bank, so long as the Series 2012 A Letter of Credit secures the payment of the Series 2012 A Bonds, (b) the Series 2012 B Bank, so long as the Series 2012 B Letter of Credit secures the payment of the Series 2012 B Bonds, and (c) the issuer of any Letter of Credit securing the payment of Additional Adjustable Rate Bonds of a Series.

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

“Board of Education” means the Board of Education of the School District.

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

“Bond Year” means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2012.

“Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds issued under the Indenture, and includes the Series 2012 A Bonds, the Series 2012 B Bonds and any Additional Bonds.

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

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, (c) with respect to Outstanding Adjustable Rate Bonds of a Series, a day on which banking institutions in the state in which the office of the Bank issuing the Letter of Credit securing the payment of such Adjustable Rate Bonds at which drafts are required to be presented under such Letter of Credit is located are required or authorized by law (including executive order) to close or a day on which the principal office of the Remarketing Agent for such Series of Adjustable Rate Bonds is closed, or (d) a day on which the New York Stock Exchange is closed.

“CFD No. 08-1” means Irvine Unified School District Community Facilities District No. 08-1 (Stonegate Apartments), a community facilities district organized and existing under the laws of the State, and any successor thereto.

“CFD No. 08-1 Developed Property” has the meaning ascribed to the term “Developed Property” in the CFD No. 08-1 Rate and Method.

“CFD No. 08-1 Project” has the meaning ascribed to the term “Project” in the Installment Purchase Agreement.

“CFD No. 08-1 Project Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“CFD No. 08-1 Rate and Method” means the rate and method of apportionment of the special taxes of CFD No. 08-1 approved by the qualified electors of CFD No. 08-1.

“Change in Mode” means any change pursuant to the Indenture from one Adjustable Rate Mode to another Adjustable Rate Mode.

“Closing Date” means the date upon which the Series 2012 Bonds are delivered to the Original Purchasers.

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means Irvine Unified School District Community Facilities District No. 09-1, a community facilities district organized and existing under the laws of the State, and any successor thereto.

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

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of Bonds or the authorization, amendment, remarketing and delivery of Amended Fixed Rate Bonds, including but not limited to printing expenses, Rating Agency fees, filing and recording fees, initial fees, expenses and charges of each Bank issuing a Letter of Credit securing the payment of such Bonds and its counsel, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, any premium for a bond insurance policy securing payment of Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds or the amendment of Amended Fixed Rate Bonds.

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

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

“County Assessor” means the assessor of the County.

“County Auditor” means the auditor of the County.

“Daily Mode” means the Adjustable Rate Mode in which the duration of each Adjustment Period is determined in accordance with clause (a) of the definition of Adjustment Period.

“Defeasance Securities” means non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America.

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

“Developed Property” has the meaning ascribed to such term in the Rate and Method.

“Developer” means The Irvine Company, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and any successor thereto.

“Direct Bill Property” means for Fiscal Year 2011-12 and for each subsequent Fiscal Year in which Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, property that, pursuant to the Rate and Method, is Undeveloped Property for such Fiscal Year.

“Direct Bill Revenue Account” means the account by that name within the Special Tax Fund established and held by the Trustee pursuant to the Indenture.

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

“Dwelling Unit” has the meaning ascribed to such term in the Rate and Method.

“Event of Default” means any event or circumstance specified in the Indenture as an Event of Default.

“Expiration Date” means, with respect to a Letter of Credit, the stated expiration date of such Letter of Credit, as it may be extended from time to time as provided in such Letter of Credit.

“Extended Rate Mode” means the Adjustable Rate Mode in which the duration of the Adjustment Period is determined in accordance with clause (e) of the definition of Adjustment Period.

“Facilities” means the facilities authorized to be financed by the Community Facilities District, as more particularly described in the Resolution of Formation.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the Act and the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of exceptions substantially to the effect of those contained in the opinion delivered upon original issuance of the Series 2012 A Bonds and Series 2012 B Bonds).

“Fifth Supplemental Indenture” means the Fifth Supplemental Indenture, dated as of June 1, 2018, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“First Supplemental Indenture” means the First Supplemental Indenture, dated as of June 1, 2014, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

“Fitch” means Fitch Ratings, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“Fixed Rate Administrative Expense Account” means the account by that name within the Administrative Expense Fund established and held by the Trustee pursuant to the Indenture.

“Fixed Rate Administrative Expenses” means any reasonably necessary or appropriate expenses incurred in the administration of the Community Facilities District (and allocable, in the reasonable determination of the Community Facilities District, to the Fixed Rate Bonds) and the Fixed Rate Bonds, including, but not limited to (a) the administrative and legal costs of levying and collecting the Special Tax

on Tax Roll Property (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnifications due the Trustee allocable to the Fixed Rate Bonds, (c) Insurer Expenses, (d) the costs incurred with on-going disclosure in connection with the Fixed Rate Bonds, (e) a proportionate share of the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (f) a proportionate share of the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (g) an allocable share of the salaries of the School District staff providing services on behalf of the Community Facilities District directly related to the foregoing and an allocable amount of School District general administrative overhead related thereto; for purposes of this definition, a “proportionate share” of costs or amounts means a share that, as of the date of determination, bears the same relationship to the total of such costs or amounts as the aggregate principal amount of Fixed Rate Bonds Outstanding on such date bears to the aggregate principal amount of Bonds Outstanding on such date.

“Fixed Rate Bonds” means Bonds issued under and in accordance with the provisions of the Indenture as summarized herein under the captions “Conditions for the Issuance of Fixed Rate Bonds” and “Additional Bonds - Procedure for the Issuance of Fixed Rate Bonds and Additional Adjustable Rate Bonds” and Amended Fixed Rate Bonds as authenticated and issued in accordance with the provisions of the Indenture as summarized herein under the caption “Additional Bonds - Amended Fixed Rate Bonds.”

“Fixed Rate Capitalized Interest Account” means the account by that name within the Fixed Rate Bond Fund established and held by the Trustee pursuant to the Indenture.

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

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

“Fixed Rate Redemption Account” means the account by that name within the Fixed Rate Bond Fund established and held by the Trustee pursuant to the Indenture.

“Fixed Rate Reserve Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture, dated as of June 1, 2017, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

“Indenture” means the Indenture, dated as of March 1, 2012, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Independent Consultant” means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is, in fact, independent and not under the control of the Community Facilities District, the School District, the Developer or an affiliate thereof, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the School District, or any owner of real

property in the Community Facilities District, or any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District, the School District, the Developer or an affiliate thereof as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the School District.

“Index” means the index, published by the Indexing Agent based upon yield evaluations at par of bonds, the interest on which is excluded from gross income for purposes of federal income taxation, of not less than five “high grade” component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The bonds on which the Index is based shall not include any bonds the interest on which is subject to a “minimum tax” or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. With respect to Adjustable Rate Bonds in the Daily Mode, the Weekly Mode or the Monthly Mode, the yield evaluation period for the Index shall be a 30-day yield evaluation. With respect to Adjustable Rate Bonds in the Semi-Annual Mode, the yield evaluation period for the Index shall be a 180-day yield evaluation. With respect to Adjustable Rate Bonds in the Extended Rate Mode, the yield evaluation period for the Index shall be a one-year yield evaluation.

“Indexing Agent” means Kenny Information Systems, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer publish the indices referred to in the definition of Index, then the term “Indexing Agent,” with respect to Adjustable Rate Bonds of a Series, shall be deemed to refer to any other entity publishing similar indices selected by the Community Facilities District and approved by the Bank issuing the Letter of Credit securing the payment of such Adjustable Rate Bonds and the Remarketing Agent for such Series of Adjustable Rate Bonds (neither of whom shall be under any liability by reason of such approval).

“Initial Letters of Credit” means, collectively, the Series 2012 A Letter of Credit issued on the Closing Date and the Series 2012 B Letter of Credit issued on the Closing Date.

“Installment Payments” means the Installment Payments payable by CFD No. 08-1 to the Community Facilities District pursuant to the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – PURCHASE AND SALE OF PROJECT; PAYMENTS - Installment Payments.”

“Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of March 1, 2012, by and between CFD No. 08-1 and the Community Facilities District, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2017 Bonds.

“Insured Series 2017 Bonds” means the Series 2017 D Bonds maturing March 1, 2057, and bearing interest at the rate of 3.750% per annum.

“Insured Series 2018 Bonds” means the Series 2018 Bonds maturing September 1, 2056.

“Insured Series 2019 Bonds” means the Series 2019 Bonds maturing September 1 in the years, 2044, 2049 and 2054.

“Insured Series 2020 Bonds” means the Series 2020 Bonds maturing [September 1, 20__].

“Insurer” means Build America Mutual Assurance Company, a New York mutual insurance corporation, or any successor thereto.

“Insurer Default” means (a) with respect to the Series 2017 Bonds (i) the Insurer has failed to make any payment under the Insurance Policy or Reserve Policy when due and owing in accordance with its terms, (ii) the Insurer shall (A) 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, (B) 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, (C) 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, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, or (F) take action for the purpose of effecting any of the foregoing, or (iii) any state or federal agency or instrumentality shall order the suspension of payments on the Insurance Policy or Reserve Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law), (b) with respect to the Series 2018 Bonds (i) the Insurer has failed to make any payment under the Series 2018 Insurance Policy or Series 2018 Reserve Policy when due and owing in accordance with its terms, (ii) the Insurer shall (A) 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, (B) 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, (C) 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, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, or (F) take action for the purpose of effecting any of the foregoing, or (iii) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2018 Insurance Policy or Series 2018 Reserve Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law), (c) with respect to the Series 2019 Bonds (i) the Insurer has failed to make any payment under the Series 2019 Insurance Policy or Series 2019 Reserve Policy when due and owing in accordance with its terms, (ii) the Insurer shall (A) 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, (B) 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, (C) 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, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, or (F) take action for the purpose of effecting any of the foregoing, or (iii) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2019 Insurance Policy or Series 2019 Reserve Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law), and (d) with respect to the Series 2020 Bonds (i) the Insurer has failed to make any payment under the Series 2020 Insurance Policy or Series 2020 Reserve Policy when due and owing in accordance with its terms, (ii) the Insurer shall (A) 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, (B) 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, (C) 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, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, or (F) take action for the purpose of effecting any of the foregoing, or (iii) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2020 Insurance Policy or Series 2020 Reserve Policy or shall obtain an order or

grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law).

“Insurer Expenses” means (a) any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Insurer may pay or incur in connection with the Insurance Policy or the Reserve Policy, including, but not limited to, fees and expenses of the Insurer’s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture, which costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Insurer spent in connection with such actions, together with interest thereon at the Insurer Rate, compounded semi-annually, from the date that payment is first due to the Insurer until the date the Insurer is paid in full, and (b) any and all reasonable similar charges, fees, costs, losses, liabilities and expenses payable to the issuer of an insurance policy guaranteeing the scheduled payment of principal of and interest on all or a portion of a Series of Fixed Rate Bonds other than the Insured Series 2017 Bonds or to the issuer of a Reserve Facility for a Series of Fixed Rate Bonds other than the Series 2017 Bonds, together with interest thereon, if, as and to the extent provided in such insurance policy or Reserve Facility or in the commitment, documents or provisions relating thereto.

“Insurer 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, as its prime or base lending rate (the “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 Series 2017 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 rate of such other national bank or banking association as the Insurer shall designate. Interest at the Insurer Rate shall be computed on the basis of the actual days elapsed over a year of 360 days.

“Interest Payment Date” means (a) with respect to each Adjustable Rate Bond in the Daily Mode, the Weekly Mode or the Monthly Mode, the first Business Day of each calendar month, (b) with respect to each Adjustable Rate Bond in the Semi-Annual Mode or the Extended Rate Mode, each March 1 and September 1, commencing on the March 1 or September 1 immediately following the date on which such Adjustable Rate Bond is converted to the Semi-Annual Mode or Extended Rate Mode, (c) with respect to each Fixed Rate Bond, each March 1 and September 1, commencing on the March 1 or September 1 specified in the Supplemental Indenture pursuant to which such Fixed Rate Bond is issued, (d) with respect to each Bank Bond, the first Business Day of each calendar month and the dates of any remarketing of such Bank Bond to a new purchaser thereof and the date such Bank Bonds are redeemed, and (e) any Mandatory Purchase Date.

“Letters of Credit” means (a) the Series 2012 A Letter of Credit, (b) the Series 2012 B Letter of Credit, and (c) each irrevocable, direct pay letter of credit securing the payment of the principal and Purchase Price of, and interest on, the Additional Adjustable Rate Bonds of a Series and provided in accordance with the provisions of the Indenture, and each Alternate Letter of Credit securing such payment provided in accordance with the Indenture.

“Letter of Credit Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Letter of Credit Purchase Account” means the account by that name within the Purchase Fund established and held by the Trustee pursuant to the Indenture.

“Letter of Credit Purchase Subaccount” means, with respect to a Series of Adjustable Rate Bonds, the subaccount by that name within the Letter of Credit Purchase Account established for such Series of Adjustable Rate Bonds and held by the Trustee pursuant to the Indenture.

“Letter of Credit Interest Amount” means with respect to a Change in Mode for a Series of Adjustable Rate Bonds or an increase in the amount available under the Letter of Credit securing the payment of Adjustable Rate Bonds of such Series in connection with the issuance of Additional Adjustable Rate Bonds, the payment of which will be secured by such Letter of Credit, the amount of the Letter of Credit securing the payment of Adjustable Rate Bonds of such Series that may be drawn upon to pay interest on such Adjustable Rate Bonds and, if applicable, such Additional Adjustable Rate Bonds, which amount shall be not less than the greatest amount required by any Rating Agency then rating the Adjustable Rate Bonds of such Series in order for such Rating Agency’s rating of such Adjustable Rate Bonds upon such Change in Mode, or such Rating Agency’s rating of such Additional Adjustable Rate Bonds, as applicable, to be at least equal to such Rating Agency’s then current rating for the Adjustable Rate Bonds of such Series.

“Mandatory Purchase Date” means, with respect to Adjustable Rate Bonds of a Series (a) with respect to any such Adjustable Rate Bonds in the Extended Rate Mode, the first day of the next succeeding Adjustment Period therefor, (b) the date of any Change in Mode for such Adjustable Rate Bonds, (c) any Substitution Date on which an Alternate Letter of Credit is substituted for the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series, (d) the fifth Business Day prior to the Expiration Date of the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series, (e) regardless of whether an Event of Default specified in the Indenture has occurred and is continuing, the fifth Business Day following the Trustee’s receipt of a written notice from the Bank issuing the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series that either (i) an event of default (as defined in the Reimbursement Agreement pursuant to which such Letter of Credit is issued) has occurred and directing the Trustee to give notice of the mandatory purchase of such Adjustable Rate Bonds in accordance with the Indenture or, (ii) when the amount of such Letter of Credit has been reduced by a drawing thereunder to pay interest on such Adjustable Rate Bonds, such Bank will not reinstate the amount of the Letter of Credit by an amount equal to the amount so drawn, and (f) any Amended Fixed Rate Bonds Effective Date that is the effective date of the amendment of such Adjustable Rate Bonds to Fixed Rate Bonds.

“Maximum Annual Debt Service” means the largest Annual Debt Service for the Outstanding Fixed Rate Bonds for any Bond Year, including the Bond Year the calculation is made.

“Maximum Rate” means 12% per annum.

“Maximum Special Tax” has the meaning ascribed to such term in the Rate and Method.

“Monthly Mode” means the Adjustable Rate Mode in which the duration of the Adjustment Period is determined in accordance with clause (c) of the definition of Adjustment Period.

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

“Net Adjustable Rate Revenues” means Adjustable Rate Revenues, less amounts required to pay Adjustable Rate Administrative Expenses.

“Net Tax Roll Revenues” means Tax Roll Revenues, less amounts required to pay Fixed Rate Administrative Expenses.

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

“Non-Proceeds Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

“Notice Parties” means, with respect to a Series of Adjustable Rate Bonds, the Community Facilities District, the Trustee, the Remarketing Agent for such Series of Adjustable Rate Bonds and the Bank issuing the Letter of Credit securing the payment of Adjustable Rate Bonds of such Series.

“Notice of Change in Mode” means the notice required to be delivered by the Community Facilities District to the other Notice Parties prior to any Change in Mode pursuant to the Indenture.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the other Notice Parties by the Trustee in writing.

“Ordinance Levying Special Taxes” means any ordinance adopted by the Board of Education levying the Special Taxes.

“Original Purchasers” means the original purchasers of the Series 2012 Bonds from the Community Facilities District.

“Other District Bonds” means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, issued under the Act then outstanding and payable at least partially from special taxes to be levied on parcels of land within the Community Facilities District or CFD No. 08-1.

“Outstanding” means, when used as of any particular time with reference to Bonds, (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with the Indenture, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; provided, however, that, notwithstanding the foregoing, Bank Bonds shall remain Outstanding until the Bank in the name of, or on behalf of, which such Bank Bonds are registered is paid all amounts due on such Bank Bonds.

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

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

“Permitted Investments” means the following:

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

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

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

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

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

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

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

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

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

- (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
- (b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

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

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

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

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

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

(d) the investment agreement shall provide that if during its term (i) the provider’s rating by either Moody’s or S&P falls below “Aa3” or “AA-,” respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody’s and S&P to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A3” or “A-,” respectively, the provider must, at the direction of the Community Facilities District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

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

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider’s obligations under the investment agreement shall, at the direction of the Community Facilities District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

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

“Principal Payment Date” means, with respect to a Bond, the date on which the principal thereof becomes due and payable in accordance with the terms thereof and of the Indenture, whether as a result of the maturity thereof or as a result of mandatory sinking fund redemption.

“Proceeds Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

“Property Owners Association Property” has the meaning ascribed to such term in the Rate and Method.

“Purchase Date” means (a) during the Daily Mode and the Weekly Mode, any Business Day, and (b) during the Monthly Mode and the Semi-Annual Mode, the first day of the next succeeding Adjustment Period.

“Purchase Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Purchase Price” means (a) with respect to any Adjustable Rate Bonds to be purchased on any Purchase Date, an amount equal to 100% of the principal amount of such Adjustable Rate Bonds, plus, in the case of any purchase of Adjustable Rate Bonds in the Daily Mode or the Weekly Mode, accrued interest, if any, to such Purchase Date; provided, however, that if such Purchase Date is after a Record Date and on or prior to the next succeeding Interest Payment Date, such accrued interest shall include only the interest accrued from such Record Date to such Purchase Date, and (b) with respect to any Adjustable Rate Bonds purchased on a Mandatory Purchase Date, an amount equal to 100% of the principal amount of such Adjustable Rate Bonds, plus, in the case of any Adjustable Rate Bonds purchased on a Mandatory Purchase Date described in clause (c), (d), (e) or (f) of the definition thereof, accrued interest, if any, to such Mandatory Purchase Date.

“Purchaser” means an investment banking firm, financial institution or other Person that the Community Facilities District has determined has the experience and capability, and the financial resources, to purchase Amended Fixed Rate Bonds to be sold pursuant to the Indenture.

“Qualified Appraisal Report” means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than six months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of the Indenture, (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, and (d) is prepared in accordance with the applicable guidelines of the California Debt and Investment Advisory Commission for such reports, as such guidelines are in effect on the Closing Date.

“Qualified Appraiser” means a real estate appraiser (a) selected by the Community Facilities District, and (b) having an “MAI” designation from the Appraisal Institute.

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

“Rate Determination Date” means, with respect to any Adjusted Interest Rate for any Adjustment Period, the date on which such Adjusted Interest Rate shall be determined, which, (a) in the case of the

Daily Mode shall be each Business Day, (b) in the case of the Weekly Mode, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day, or if such day is not a Business Day, then the Business Day next preceding such Tuesday, and (c) in the case of the Monthly Mode, the Semi-Annual Mode or the Extended Rate Mode, shall be the Business Day prior to the first day of such Adjustment Period.

“Rating Agencies” means, with respect to a Series of Bonds, one or all of Moody’s, so long as Moody’s maintains a rating on such Series of Bonds at the request of the Community Facilities District, S&P, so long as S&P maintains a rating on such Series of Bonds at the request of the Community Facilities District, Fitch, so long as Fitch maintains a rating on such Series of Bonds at the request of the Community Facilities District, any other nationally recognized bond rating agency selected by the Community Facilities District, but, in each instance, only so long as Moody’s, S&P, Fitch or such other nationally recognized rating agency, so long as such rating agency maintains a rating on such Series of Bonds.

“Record Date” means (a) with respect to Adjustable Rate Bonds in the Daily Mode, the Weekly Mode or the Monthly Mode, the last day of the calendar month preceding each Interest Payment Date, (b) with respect to Adjustable Rate Bonds in the Semi-Annual Mode or the Extended Rate Mode, the 15th day of the calendar month preceding each Interest Payment Date, whether or not such day is a Business Day, (c) with respect to Fixed Rate Bonds, the 15th day of the calendar month preceding each Interest Payment Date, whether or not such day is a Business Day, and (d) any date established by the Trustee pursuant to the Indenture or the corresponding provisions of a Supplemental Indenture as a Record Date for the payment of defaulted interest on the Bonds, if any.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

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

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

“Reimbursement Agreement” means (a) with respect to the Series 2012 A Bonds, the Series 2012 A Reimbursement Agreement, (b) with respect to the Series 2012 B Bonds, the Series 2012 B Reimbursement Agreement, and (c) with respect to any Additional Adjustable Rate Bonds of a Series, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Additional Adjustable Rate Bonds of such Series is issued.

“Remaining Net Tax Roll Revenues” means Net Tax Roll Revenues remaining in a Fiscal Year after all transfers, if any, required to be made during such Fiscal Year pursuant to the Indenture from the Tax Roll Revenue Account to the Fixed Rate Interest Account, the Fixed Rate Principal Account and the Fixed Rate Reserve Fund have been made.

“Remarketing Agent” means (a) with respect to the Series 2012 A Bonds, the Series 2012 A Remarketing Agent, (b) with respect to the Series 2012 B Bonds, the Series 2012 B Remarketing Agent, and (c) with respect to any Additional Adjustable Rate Bonds of a Series, the investment banking firm initially appointed to act as remarketing agent for such Series of Adjustable Rate Bonds as provided in the Indenture or any other investment banking firm that may at any time be substituted in its place as remarketing agent for such Series of Additional Adjustable Rate Bonds as provided in the Indenture.

“Remarketing Agreement” means (a) with respect to the Series 2012 A Bonds, the Series 2012 A Remarketing Agreement, (b) with respect to the Series 2012 B Bonds, the Series 2012 B Remarketing Agreement, and (c) with respect to any Additional Adjustable Rate Bonds of a Series, the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and any successor Remarketing Agent substituted in the place thereof as Remarketing Agent for the Series 2012 A Bonds as provided in the Indenture.

“Remarketing Proceeds Account” means the account by that name within the Purchase Fund established and held by the Trustee pursuant to the Indenture.

“Remarketing Proceeds Subaccount” means, with respect to a Series of Adjustable Rate Bonds, the subaccount by that name within the Remarketing Proceeds Account established for such Series of Adjustable Rate Bonds and held by the Trustee pursuant to the Indenture.

“Reserve Facilities” means, collectively, the Reserve Policy and any Additional Reserve Policies.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer under which claims may be made in order to provide moneys in the Fixed Rate Reserve Fund available for the purposes thereof.

“Reserve Requirement” means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Fixed Rate Bonds (excluding Fixed Rate Bonds that are refunded with the proceeds of subsequently issued Fixed Rate Bonds), (b) Maximum Annual Debt Service on the Fixed Rate Bonds, and (c) 125% of Average Annual Debt Service on the Fixed Rate Bonds.

“Resolution of Formation” means Resolution No. 09-10-12, adopted by the Board of Education on July 14, 2009.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“School District” means the Irvine Unified School District, a school district organized and existing under the laws of the State, and any successor thereto.

“Second Supplemental Indenture” means the Second Supplemental Indenture, dated as of October 1, 2014, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, as Trustee.

“Semi-Annual Mode” means the Adjustable Rate Mode in which the duration of each Adjustment Period is determined in accordance with clause (d) of the definition of Adjustment Period.

“Senior Notes” means, collectively, the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Notes, Series A, and the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Notes, Series B, issued under the Senior Notes Indenture.

“Senior Notes Indenture” means the Indenture, dated as of January 1, 2010, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee.

“Senior Notes Trustee” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Senior Notes Indenture.

“Series” means (a) the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2012 Bonds, (b) any Additional Bonds identified as a separate Series of Bonds in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and (c) any Amended Fixed Rate Bonds identified as a separate Series of Bonds in the Supplemental Indenture pursuant to which such Amended Fixed Rate Bonds are amended; provided, however, that, upon the identification of Amended Fixed Rate Bonds as a separate Series of Bonds in the Supplemental Indenture pursuant to which such Amended Fixed Rate Bonds are amended, such Amended Fixed Rate Bonds shall, for all purposes of the Indenture, no longer be a part of the Series of Adjustable Rate Bonds of which such Amended Fixed Rate Bonds were a part when originally issued.

“Series 2012 Bonds” means, collectively, the Series 2012 A Bonds and the Series 2012 B Bonds.

“Series 2012 A Bank” means (a) U.S. Bank National Association, and its successors and assigns, as issuer of the initial Series 2012 A Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2012 A Letter of Credit pursuant to the Indenture.

“Series 2012 A Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2012 A, issued under the Indenture; provided, however, that, from and after the date that any Series 2012 A Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2012 A Bond shall no longer be a Series 2012 A Bond.

“Series 2012 A Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2012 A Bank contemporaneously with the original delivery of the Series 2012 A Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2012 A Bonds in accordance with the Indenture, such term shall mean such Alternate Letter of Credit.

“Series 2012 A Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of March 1, 2012, by and between the Community Facilities District and U.S. Bank National Association, as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2012 A Bonds is issued.

“Series 2012 A Remarketing Agent” means U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2012 A Bonds as provided in the Indenture.

“Series 2012 A Remarketing Agreement” means the Remarketing Agreement, dated as of March 1, 2012, by and between the Community Facilities District and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds.

“Series 2012 B Bank” means (a) Bank of America, N.A., and its successors and assigns, as issuer of the initial Series 2012 B Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2012 B Letter of Credit pursuant to the Indenture.

“Series 2012 B Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2012 B, issued under the Indenture; provided, however, that, from and after the date that any Series 2012 B Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2012 B Bond shall no longer be a Series 2012 B Bond.

“Series 2012 B Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2012 B Bank contemporaneously with the original delivery of the Series 2012 B Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2012 B Bonds in accordance with the Indenture, such term shall mean such Alternate Letter of Credit.

“Series 2012 B Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of March 1, 2012, by and between the Community Facilities District and Bank of America, N.A., as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2012 B Bonds is issued.

“Series 2012 B Remarketing Agent” means Piper Jaffray & Co., or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2012 B Bonds as provided in the Indenture.

“Series 2012 B Remarketing Agreement” means the Remarketing Agreement, dated as of March 1, 2012, by and between the Community Facilities District and Piper Jaffray & Co., as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds.

“Series 2014 A Bank” means (a) U.S. Bank National Association, and its successors and assigns, as issuer of the initial Series 2014 A Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2014 A Letter of Credit pursuant to the Indenture.

“Series 2014 A Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2014 A, issued under the Indenture; provided, however, that, from and after the date that any Series 2014 A Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2014 A Bond shall no longer be a Series 2014 A Bond.

“Series 2014 A Capitalized Interest Account” means the account by that name within the Adjustable Rate Bond Fund established and held by the Trustee pursuant to the First Supplemental Indenture.

“Series 2014 A Closing Date” means the date upon which the Series 2014 A Bonds are delivered to the Original Purchasers.

“Series 2014 A Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of June 1, 2014, relating to the Series 2014 A Bonds, by and between the Developer and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 A District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of June 1, 2014, relating to the Series 2014 A Bonds, by and between the Community

Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 A Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2014 A Bank contemporaneously with the original delivery of the Series 2014 A Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2014 A Bonds in accordance with the Indenture, such term shall mean such Alternate Letter of Credit; the Series 2014 A Letter of Credit constitutes the Letter of Credit with respect to the Series 2014 A Bonds.

“Series 2014 A Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2014 A District Continuing Disclosure Agreement and the Series 2014 A Developer Continuing Disclosure Agreement.

“Series 2014 A Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the First Supplemental Indenture.

“Series 2014 A Rebate Requirement” has the meaning ascribed to such term in the Series 2014 A Tax Certificate.

“Series 2014 A Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of June 1, 2014, by and between the Community Facilities District and U.S. Bank National Association, as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2014 A Bonds is issued; the Series 2014 A Reimbursement Agreement constitutes the Reimbursement Agreement with respect to the Series 2014 A Bonds.

“Series 2014 A Remarketing Agent” means U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2014 A Bonds as provided in the Indenture; the Series 2014 A Remarketing Agent constitutes the Remarketing Agent with respect to the Series 2014 A Bonds.

“Series 2014 A Remarketing Agreement” means the Remarketing Agreement, dated as of June 1, 2014, by and between the Community Facilities District and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds; the Series 2014 A Remarketing Agreement constitutes the Remarketing Agreement with respect to the Series 2014 A Bonds.

“Series 2014 A Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2014 A Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 B Bank” means (a) Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and its successors and assigns, as issuer of the initial Series 2014 B Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2014 B Letter of Credit pursuant to the Indenture.

“Series 2014 B Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2014 B, issued under the Indenture; provided, however, that, from and after the date that any Series 2014 B Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2014 B Bond shall no longer be a Series 2014 B Bond.

“Series 2014 B Capitalized Payments Account” means the account by that name within the Adjustable Rate Capitalized Payments Account established and held by the Trustee pursuant to the Second Supplemental Indenture.

“Series 2014 B Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2014, relating to the Series 2014 B Bonds, by and between the Developer and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 B District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2014, relating to the Series 2014 B Bonds, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 B Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2014 B Bank contemporaneously with the original delivery of the Series 2014 B Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2014 B Bonds in accordance with the Indenture, such term shall mean such Alternate Letter of Credit; the Series 2014 B Letter of Credit constitutes the Letter of Credit with respect to the Series 2014 B Bonds.

“Series 2014 B Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2014 B District Continuing Disclosure Agreement and the Series 2014 B Developer Continuing Disclosure Agreement.

“Series 2014 B Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of October 1, 2014, by and between the Community Facilities District and Sumitomo Mitsui Banking Corporation, acting through its New York Branch, as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2014 B Bonds is issued; the Series 2014 B Reimbursement Agreement constitutes the Reimbursement Agreement with respect to the Series 2014 B Bonds.

“Series 2014 B Remarketing Agent” means U.S. Bancorp Investments, Inc. and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2014 B Bonds as provided in the Indenture; the Series 2014 B Remarketing Agent constitutes the Remarketing Agent with respect to the Series 2014 B Bonds.

“Series 2014 B Remarketing Agreement” means the Remarketing Agreement, dated as of October 1, 2014, by and among the Community Facilities District, U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, and U.S. Bancorp Investments, Inc., as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds; the Series 2014 B Remarketing Agreement constitutes the Remarketing Agreement with respect to the Series 2014 B Bonds.

“Series 2014 B/C Bonds” means, collectively, the Series 2014 B Bonds and the Series 2014 C Bonds.

“Series 2014 B/C Closing Date” means the date upon which the Series 2014 B/C Bonds are delivered to the Series 2014 B/C Original Purchasers.

“Series 2014 B/C Original Purchaser” means the original purchaser of the Series 2014 B/C Bonds from the Community Facilities District.

“Series 2014 B/C Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Second Supplemental Indenture.

“Series 2014 B/C Rebate Requirement” has the meaning ascribed to such term in the Series 2014 B/C Tax Certificate.

“Series 2014 B/C Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2014 B/C Bonds relating to the requirements of Section 158 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 C Bank” means (a) U.S. Bank National Association, and its successors and assigns, as issuer of the initial Series 2014 C Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2014 C Letter of Credit pursuant to the Indenture.

“Series 2014 C Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2014 C, issued under the Indenture; provided, however, that, from and after the date that any Series 2014 C Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2014 C Bond shall no longer be a Series 2014 C Bond.

“Series 2014 C Capitalized Payments Account” means the account by that name within the Adjustable Rate Capitalized Payments Account established and held by the Trustee pursuant to the Second Supplemental Indenture.

“Series 2014 C Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2014, relating to the Series 2014 C Bonds, by and between the Developer and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 C District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2014, relating to the Series 2014 C Bonds, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2014 C Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2014 C Bank contemporaneously with the original delivery of the Series 2014 C Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2014 C Bonds in accordance with the Indenture, such term shall mean such Alternate Letter of Credit; the Series 2014 C Letter of Credit constitutes the Letter of Credit with respect to the Series 2014 C Bonds.

“Series 2014 C Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2014 C District Continuing Disclosure Agreement and the Series 2014 C Developer Continuing Disclosure Agreement.

“Series 2014 C Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of October 1, 2014, by and between the Community Facilities District and U.S. Bank National Association, as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2014 C Bonds is issued; the Series 2014 C Reimbursement Agreement constitutes the Reimbursement Agreement with respect to the Series 2014 C Bonds.

“Series 2014 C Remarketing Agent” means U.S. Bancorp Investments, Inc. and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2014 C Bonds as provided in the Indenture; the Series 2014 C Remarketing Agent constitutes the Remarketing Agent with respect to the Series 2014 C Bonds.

“Series 2014 C Remarketing Agreement” means the Remarketing Agreement, dated as of October 1, 2014, by and among the Community Facilities District, U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, and U.S. Bancorp Investments, Inc., as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds; the Series 2014 C Remarketing Agreement constitutes the Remarketing Agreement with respect to the Series 2014 C Bonds.

“Series 2016 A Bank” means (a) U.S. Bank National Association, and its successors and assigns, as issuer of the initial Series 2016 A Letter of Credit, or (b) the issuer of an Alternate Letter of Credit issued in substitution of the Series 2016 A Letter of Credit pursuant to the Indenture.

“Series 2016 A Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2016 A, issued under the Indenture; provided, however, that, from and after the date that any Series 2016 A Bond is amended to become a Fixed Rate Bond in accordance with the Indenture, such Series 2016 A Bond shall no longer be a Series 2016 A Bond.

“Series 2016 A Closing Date” means the date upon which the Series 2016 A Bonds are delivered to the Series 2016 A Original Purchasers, being March 10, 2016.

“Series 2016 A Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of March 1, 2016, relating to the Series 2016 A Bonds, by and between the Developer and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2016 A District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of March 1, 2016, relating to the Series 2016 A Bonds, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2016 A Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2016 A Bank contemporaneously with the original delivery of the Series 2016 A Bonds, except that upon the issuance of an Alternate Letter of Credit securing payment of the Series 2016 A Bonds in

accordance with the Indenture, such term shall mean such Alternate Letter of Credit; the Series 2016 A Letter of Credit constitutes the Letter of Credit with respect to the Series 2016 A Bonds.

“Series 2016 A Original Purchaser” means the original purchaser of the Series 2016 A Bonds from the Community Facilities District.

“Series 2016 A Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2016 A District Continuing Disclosure Agreement and the Series 2016 A Developer Continuing Disclosure Agreement.

“Series 2016 A Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Third Supplemental Indenture.

“Series 2016 A Rebate Requirement” has the meaning ascribed to such term in the Series 2016 A Tax Certificate.

“Series 2016 A Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement, dated as of March 1, 2016, by and between the Community Facilities District and U.S. Bank National Association, as originally executed or as it may from time to time be amended, or, if an Alternate Letter of Credit has been substituted therefor, the reimbursement agreement, letter of credit agreement or other similar agreement, howsoever denominated, if any, pursuant to which the Letter of Credit then securing payment of the Series 2016 A Bonds is issued; the Series 2016 A Reimbursement Agreement constitutes the Reimbursement Agreement with respect to the Series 2016 A Bonds.

“Series 2016 A Remarketing Agent” means U.S. Bancorp Investments, Inc. and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, or any other investment banking firm that may at any time be substituted in its place as remarketing agent for the Series 2016 A Bonds as provided in the Indenture; the Series 2016 A Remarketing Agent constitutes the Remarketing Agent with respect to the Series 2016 A Bonds.

“Series 2016 A Remarketing Agreement” means the Remarketing Agreement, dated as of March 1, 2016, by and among the Community Facilities District, U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, and U.S. Bancorp Investments, Inc., as originally executed or as it may from time to time be amended, or the remarketing agreement, remarketing agent agreement or other similar agreement, howsoever denominated, by and between the Community Facilities District and the Remarketing Agent for such Series of Adjustable Rate Bonds; the Series 2016 A Remarketing Agreement constitutes the Remarketing Agreement with respect to the Series 2016 A Bonds.

“Series 2016 A Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2016 A Bonds relating to the requirements of Section 158 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2017 Bonds” means, collectively, the Series 2017 A Bonds, the Series 2017 B Bonds, the Series 2017 C Bonds and the Series 2017 D Bonds.

“Series 2017 A Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2017 A, which constitute the Series 2012 A Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture

“Series 2017 B Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2017 B, which constitute the Series 2012 B Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture.

“Series 2017 C Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2017 C, which constitute the Series 2014 A Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture.

“Series 2017 D Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2017 D, issued under the Indenture.

“Series 2017 Closing Date” means the date upon which the Series 2017 Bonds are delivered to the Series 2017 Original Purchasers, being June 29, 2017.

“Series 2017 District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of June 1, 2017, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2017 Original Purchasers” means the original purchasers of the Series 2017 Bonds from the Community Facilities District.

“Series 2017 Participating Underwriters” has the meaning ascribed to the term “Participating Underwriters” in the Series 2017 District Continuing Disclosure Agreement.

“Series 2017 Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Fourth Supplemental Indenture.

“Series 2017 Rebate Requirement” has the meaning ascribed to such term in the Series 2017 Tax Certificate.

“Series 2017 Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2017 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2018 Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2018 A, which constitute the Series 2016 A Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture.

“Series 2018 Closing Date” means the date upon which the Series 2018 Bonds are delivered to the Series 2018 Original Purchaser.

“Series 2018 District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of June 1, 2018, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2018 Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2018 Bonds.

“Series 2018 Insurer 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, as its prime or base lending rate (the “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 3.00%, and (ii) the then applicable highest rate of interest on the Insured Series 2018 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 rate of such other national bank or banking association as the Insurer shall designate. Interest at the Series 2018 Insurer Rate shall be computed on the basis of the actual days elapsed over a year of 360 days.

“Series 2018 Original Purchaser” means the original purchaser of the Series 2018 Bonds from the Community Facilities District.

“Series 2018 Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2018 District Continuing Disclosure Agreement.

“Series 2018 Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Series 2018 Rebate Requirement” has the meaning ascribed to such term in the Series 2018 Tax Certificate.

“Series 2018 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer under which claims may be made in order to provide moneys in the Fixed Rate Reserve Fund available for the purposes thereof.

“Series 2018 Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2018 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2019 Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2019 A, which constitute the Series 2014 C Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture.

“Series 2019 Closing Date” means the date upon which the Series 2019 Bonds are delivered to the Series 2019 Original Purchaser.

“Series 2019 District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of September 1, 2019, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2019 Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2019 Bonds.

“Series 2019 Insurer 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, as its prime or base lending rate (the “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 3.00%, and (ii) the then applicable highest rate of interest on the Insured Series 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 rate of such other national

bank or banking association as the Insurer shall designate. Interest at the Series 2019 Insurer Rate shall be computed on the basis of the actual days elapsed over a year of 360 days.

“Series 2019 Original Purchaser” means the original purchaser of the Series 2019 Bonds from the Community Facilities District.

“Series 2019 Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2019 District Continuing Disclosure Agreement.

“Series 2019 Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Series 2019 Rebate Requirement” has the meaning ascribed to such term in the Series 2019 Tax Certificate.

“Series 2019 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer under which claims may be made in order to provide moneys in the Fixed Rate Reserve Fund available for the purposes thereof.

“Series 2019 Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2019 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2020 Bonds” means the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2020 A, which constitute the Series 2014 B Bonds that have been amended to become Fixed Rate Bonds in accordance with the Indenture.

“Series 2020 Closing Date” means the date upon which the Series 2020 Bonds are delivered to the Series 2020 Original Purchaser.

“Series 2020 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of [May] 1, 2020, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2020 Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2020 Bonds.

“Series 2020 Insurer 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, as its prime or base lending rate (the “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 [_____]%, and (ii) the then applicable highest rate of interest on the Insured Series 2020 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 rate of such other national bank or banking association as the Insurer shall designate. Interest at the Series 2020 Insurer Rate shall be computed on the basis of the actual days elapsed over a year of 360 days.

“Series 2020 Original Purchaser” means the original purchaser of the Series 2020 Bonds from the Community Facilities District.

“Series 2020 Participating Underwriter” has the meaning ascribed to the term “Participating Underwriter” in the Series 2020 Continuing Disclosure Agreement.

“Series 2020 Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Series 2020 Rebate Requirement” has the meaning ascribed to such term in the Series 2020 Tax Certificate.

“Series 2020 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer under which claims may be made in order to provide moneys in the Fixed Rate Reserve Fund available for the purposes thereof.

“Series 2020 Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2020 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Seventh Supplemental Indenture” means the Seventh Supplemental Indenture, dated as of [May] 1, 2020, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“Sixth Supplemental Indenture” means the Sixth Supplemental Indenture, dated as of September 1, 2019, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

“Special Taxes” means the special taxes levied within the Community Facilities District pursuant to the Act, the Rate and Method, the Ordinance Levying Special Taxes and the Indenture.

“Subordinate Notes” means the Irvine Unified School District Community Facilities District No. 09-1 Subordinate Special Tax Notes, issued under the Subordinate Notes Indenture.

“Subordinate Notes Indenture” means the Indenture, dated as of December 1, 2010, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee.

“Subordinate Notes Trustee” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Subordinate Notes Indenture.

“Substitution Date” means, with respect to a Series of Adjustable Rate Bonds, the date upon which an Alternate Letter of Credit is substituted for the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series then in effect.

“State” means the State of California.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Roll Property” means (a) for Fiscal Year 2011-12 and for each subsequent Fiscal Year in which Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, property that, pursuant to the Rate and Method, is Developed Property, Property Owners Association Property that is Taxable Property or Public Property that is Taxable Property for such Fiscal Year, and (b) for each Fiscal Year subsequent to Fiscal Year 2011-12 in which no Adjustable Rate Bonds are Outstanding on July 1 of such Fiscal Year, all property that, pursuant to the Rate and Method, is Taxable Property for such Fiscal Year.

“Tax Roll Revenue Account” means the account by that name within the Special Tax Fund established and held by the Trustee pursuant to the Indenture.

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

“Taxable Property” has the meaning ascribed to such term in the Rate and Method.

“Tender Deadline” means (a) during the Daily Mode, 10:30 A.M. on any Business Day, (b) during the Weekly Mode, at the close of business on the Business Day seven days prior to the Purchase Date stated in the Tender Notice, (c) during the Monthly Mode, at the close of business on the fifth Business Day preceding the applicable Purchase Date, and (d) during the Semi-Annual Mode, at the close of business on the first Business Day which is at least 15 calendar days preceding the applicable Purchase Date.

“Tender Notice” means a written notice or, with respect to Adjustable Rate Bonds in the Daily Mode, telephonic notice, immediately confirmed in writing, (a) that states the bond number, the principal amount of such Adjustable Rate Bond and the principal amount of such Adjustable Rate Bond to be purchased pursuant to the Indenture, (b) that states the Purchase Date on which such Adjustable Rate Bond is to be purchased, and (c) that irrevocably demands such purchase.

“Term Out Redemption Date” means, with respect to Bank Bonds, a date on which all or a portion of such Bank Bonds are required, under the terms of the Reimbursement Agreement pursuant to which was issued the Letter of Credit securing the payment of the Adjustable Rate Bonds of the Series of which such Bank Bonds are a part, to be optionally redeemed pursuant to the Indenture after such Bank Bonds have remained Bank Bonds for the period specified in such Reimbursement Agreement.

“Third Supplemental Indenture” means the Third Supplemental Indenture, dated as of March 1, 2016, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture substituted in its place as provided therein.

“Undeveloped Property” has the meaning ascribed to such term in the Rate and Method.

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

“Weekly Mode” means the Adjustable Rate Mode in which the duration of each Adjustment Period is determined in accordance with clause (b) of the definition of Adjustment Period.

“Written Certificate of CFD No. 08-1” and **“Written Request of CFD No. 08-1”** mean, respectively, a written certificate or written request signed in the name of CFD No. 08-1 by an Authorized Representative of CFD No. 08-1. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Written Certificate of the Community Facilities District” and **“Written Request of the Community Facilities District”** mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Authorized Representative of the Community Facilities District. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Additional Bonds

Conditions for the Issuance of Fixed Rate Bonds. The Community Facilities District may at any time issue a Series of Fixed Rate Bonds payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture, but only subject to the following conditions, which are thereby made conditions precedent to the issuance of such Fixed Rate Bonds:

(a) upon the issuance of such Fixed Rate Bonds (i) no Event of Default shall have occurred and be continuing under the Indenture, and (ii) no event of default shall have occurred and be continuing under any Reimbursement Agreement;

(b) the issuance of such Fixed Rate Bonds shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which the proceeds of such Fixed Rate Bonds are to be applied, which purposes may only include one or more of (A) providing funds to refund any Bonds previously issued under the Indenture, (B) providing funds to finance Facilities, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Fixed Rate Bonds and to pay Costs of Issuance incurred in connection with the amendment of Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds, (D) providing funds to pay interest on such Fixed Rate Bonds and providing funds to pay interest on Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds, and (E) providing funds to make any deposit to the Fixed Rate Reserve Fund required pursuant to the Indenture and providing funds to make any deposit to the Fixed Rate Reserve Fund required pursuant to the section described under the heading “Amended Fixed Rate Bonds” in connection with the amendment of Amended Fixed Rate Bonds that are being amended simultaneously with the issuance of such Fixed Rate Bonds;

(ii) the principal amount and designation of such Series of Fixed Rate Bonds; provided, however, that such Fixed Rate Bonds may have the same designation, and constitute a part of the same Series of Bonds, as the Amended Fixed Rate Bonds, if any, that are being amended simultaneously with the issuance of such Fixed Rate Bonds;

(iii) the date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Fixed Rate Bonds; provided, however, that (A) each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a March 1 or a September 1 and, provided, further, that serial maturities of serial Fixed Rate Bonds or mandatory sinking fund redemptions for term Fixed Rate Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Fixed Rate Bonds on or before their respective maturity dates, and (B) if the proceeds of the sale of such Fixed Rate Bonds are to be applied to provide funds to refund Bonds issued under the Indenture, the latest maturity date of such Fixed Rate Bonds shall be no later than the latest maturity date of the Bonds being refunded;

(iv) the interest rate to be borne by each maturity of such Fixed Rate Bonds; provided, however, that the interest rate borne by each such maturity shall be a rate that is fixed from the date of issuance of such Fixed Rate Bonds through the maturity date thereof;

(v) the terms of redemption and the redemption premiums, if any, for such Fixed Rate Bonds;

(vi) the form of such Fixed Rate Bonds;

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

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture.

(c) the Community Facilities District shall have received a certificate or certificates from one or more Independent Consultants which, when taken together, certify that:

(i) for each Fiscal Year that Fixed Rate Bonds will be Outstanding, the sum of (A) on the basis of the parcels of land in the Community Facilities District that are Developed Property as of the date of issuance of such Fixed Rate Bonds, the amount of Maximum Special Taxes that may be levied on all such parcels of Developed Property pursuant to the Act, the Ordinance and the Rate and Method in such Fiscal Year, plus (B) the amount of the Installment Payments to be received in such Fiscal Year pursuant to the Installment Purchase Agreement, is at least equal to the sum of (I) 110% of Assumed Debt Service for the Corresponding Bond Year for all Bonds that will be Outstanding upon the issuance of such Fixed Rate Bonds; provided, however, that, debt service for the Adjustable Rate Bonds shall be excluded from the calculation of Assumed Debt Service, if and to the extent that the Banks have consented in writing to such exclusion, plus (II) Assumed Fixed Rate Administrative Expenses for such Fiscal Year; and

(ii) the sum of (A) the Assessed Value of parcels of Developed Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, plus (C) the Assessed Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has not been provided, plus (D) the Appraised Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal

Report, is at least four times the sum of (I) the aggregate principal amount of Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Developed Property or CFD No. 08-1 Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) a portion of the aggregate principal amount of Other District Bonds equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of Developed Property and CFD No. 08-1 Property, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

Notwithstanding the foregoing, if (i) such Fixed Rate Bonds are being issued to refund previously issued Fixed Rate Bonds, and (ii) Annual Debt Service in each Bond Year, calculated for all Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Fixed Rate Bonds which are Outstanding immediately prior to the issuance of such Fixed Rate Bonds, the receipt of the certificate described in paragraph (c), above, shall not be a condition precedent to the issuance of such Additional Bonds.

Conditions for the Issuance of Additional Adjustable Rate Bonds. The Community Facilities District may at any time issue a Series of Additional Adjustable Rate Bonds payable from proceeds of draws made under a Letter of Credit pursuant to specific provisions of the Indenture and from Net Adjustable Rate Revenues as provided in the Indenture on a parity with all other Adjustable Rate Bonds Outstanding thereunder, but only subject to the following conditions, which pursuant to the Indenture are made conditions precedent to the issuance of such Additional Adjustable Rate Bonds:

(a) upon the issuance of such Adjustable Rate Bonds (i) no Event of Default shall have occurred and be continuing under the Indenture, and (ii) no event of default shall have occurred and be continuing under any Reimbursement Agreement;

(b) the issuance of such Additional Adjustable Rate Bonds shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which such Additional Adjustable Rate Bonds are to be applied, which purposes may only include one or more of (A) providing funds to finance Facilities, (B) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Adjustable Rate Bonds, and (C) providing funds to pay interest on, and Letter of Credit and remarketing fees with respect to, such Additional Adjustable Rate Bonds;

(ii) The principal amount and designation of such Series of Additional Adjustable Rate Bonds;

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

(iv) that such Additional Adjustable Rate Bonds shall be subject to the provisions of the Indenture generally applicable to Adjustable Rate Bonds;

(v) the Letter of Credit, and the Bank issuing the same, that will secure the payment of the principal and Purchase Price of, and interest on, such Additional Adjustable Rate Bonds;

(vi) the form of such Additional Adjustable Rate Bonds; and

(vii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture.

(c) If (i) the Letter of Credit that will secure the payment of the principal and Purchase Price of, and interest on, such Additional Adjustable Rate Bonds is an existing Letter of Credit, the amount available under such Letter of Credit to pay principal of Adjustable Rate Bonds (or to pay the principal portion of the Purchase Price of Adjustable Rate Bonds) shall have been increased to an amount not less than the sum of the aggregate principal amount of the Additional Adjustable Rate Bonds being issued, plus the aggregate principal amount of the Adjustable Rate Bonds, payment of the principal and Purchase Price of, and interest on which is secured by such Letter of Credit, that are Outstanding immediately prior to the issuance of such Additional Adjustable Rate Bonds, and the amount available under such Letter of Credit to pay interest on Adjustable Rate Bonds shall have been increased to an amount not less than the Letter of Credit Interest Amount (calculated based on the sum of the aggregate principal amount of such Additional Adjustable Rate Bonds, plus the aggregate principal of Adjustable Rate Bonds, payment of the principal and Purchase Price of, and interest on which is secured by such Letter of Credit, that are Outstanding immediately prior to the issuance of such Additional Adjustable Rate Bonds), or (ii) the Letter of Credit that will secure the payment of the principal and Purchase Price of, and interest on, such Additional Adjustable Rate Bonds is not an existing Letter of Credit, the Trustee shall have received, on or prior to the date of issuance of such Additional Adjustable Rate Bonds (A) a Letter of Credit with (I) a term of not less than one year, (II) the same material terms as the Initial Letters of Credit, and (III) has such terms and provisions, including terms and provisions relating to the amounts available to be drawn by the Trustee thereunder, as may be required or permitted by each Rating Agency that provides a rating of such Additional Adjustable Rate Bonds based upon such Letter of Credit, (B) one or more opinions of counsel, dated the date of delivery of such Letter of Credit to the Trustee, addressed to the Trustee, to the effect, singly or together, that such Letter of Credit is a legal, valid and binding obligation of the Bank issuing such Letter of Credit, enforceable against such Bank in accordance with its terms, except as limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (C) a Favorable Opinion of Bond Counsel; and

(d) written evidence from at least one Rating Agency that, upon the issuance of such Additional Adjustable Rate Bonds, such Additional Adjustable Rate Bonds will be rated in a short term category and a long term category by such Rating Agency and, if the Letter of Credit that will secure the payment of such Additional Adjustable Rate Bonds is an existing Letter of Credit, written confirmation from each Rating Agency then rating Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, that the issuance of such Additional Adjustable Rate Bonds will not, in and of itself, cause such Rating Agency to lower, withdraw or suspend its rating of such Adjustable Rate Bonds.

Procedure for the Issuance of Fixed Rate Bonds and Additional Adjustable Rate Bonds. At any time after the sale of any Fixed Rate Bonds or Additional Adjustable Rate Bonds, such Fixed Rate Bonds or Additional Adjustable Rate Bonds shall be executed by the Community Facilities District for issuance

under the Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) a certified copy of the Supplemental Indenture authorizing the issuance of such Fixed Rate Bonds or Additional Adjustable Rate Bonds;

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

(c) a Written Certificate of the Community Facilities District stating that the conditions precedent to the issuance of such Fixed Rate Bonds specified in the Indenture or the conditions precedent to the issuance of such Additional Adjustable Rate Bonds specified in the Indenture, as applicable, have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) the Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Community Facilities District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), (ii) such Fixed Rate Bonds or Additional Adjustable Rate Bonds constitute valid and binding special obligations of the Community Facilities District and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (iii) the issuance of such Fixed Rate Bonds or Additional Adjustable Rate Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Fixed Rate Bonds or Additional Adjustable Rate Bonds from gross income for federal income tax purposes;

(d) the proceeds of the sale of such Fixed Rate Bonds or Additional Adjustable Rate Bonds; and

(e) such further documents or money as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Fixed Rate Bonds or Additional Adjustable Rate Bonds.

Additional Bonds. (a) So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Tax Roll Revenues on a basis senior to the Fixed Rate Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Tax Roll Revenues on a parity with the Fixed Rate Bonds, except Fixed Rate Bonds issued in accordance with the Indenture; provided, however, that Adjustable Rate Bonds may be amended to become Fixed Rate Bonds in accordance with the provisions thereof.

(b) So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from proceeds of draws made under a Letter of Credit pursuant to the Indenture and from Net Adjustable Rate Revenues on basis senior to the Adjustable Rate Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from proceeds of draws made under a Letter of Credit pursuant to the Indenture and from Net Adjustable Rate Revenues on a parity with the Adjustable Rate Bonds, except the Series 2012 Bonds and Additional Adjustable Rate Bonds issued in accordance with the Indenture.

(c) The Community Facilities District may from time to time incur obligations payable from Net Tax Roll Revenues and Direct Bill Revenues on a basis subordinate to the Bonds; provided, however, that any such subordinate obligations shall be payable only from Net Tax Roll Revenues and Direct Bill Revenues transferred from the Tax Roll Revenue Account pursuant to the Indenture and from the Direct Bill Revenue Account pursuant to the Indenture.

(d) Nothing contained in the Indenture shall limit the issuance of any special tax bonds payable from Special Taxes if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Amended Fixed Rate Bonds. (a) The Board of Education, as the legislative body of the Community Facilities District, may at any time authorize the execution and delivery of a Supplemental Indenture under the Indenture, pursuant to which Adjustable Rate Bonds of a Series purchased in accordance with clause (f) of the definition of Mandatory Purchase Date are amended to become Amended Fixed Rate Bonds.

(b) Upon any such authorization, the Community Facilities District shall, in writing, notify the Remarketing Agent for such Series of Adjustable Rate Bonds, the Trustee and the Bank issuing the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series of (i) the aggregate principal amount of Adjustable Rate Bonds of such Series to be amended to Amended Fixed Rate Bonds, (ii) the Amended Fixed Rate Bonds Effective Date, taking into account the process necessary to market and sell such Adjustable Rate Bonds as Amended Fixed Rate Bonds, which Amended Fixed Rate Bonds Effective Date shall be a Business Day, and (iii) whether such Amended Fixed Rate Bonds are to be remarketed by such Remarketing Agent or sold to a Purchaser, which Purchaser shall be identified. Such notice shall be given by the Community Facilities District no later than 20 days prior to such Amended Fixed Rate Bonds Effective Date.

Not less than 15 days prior to such Amended Fixed Rate Bonds Effective Date, and in reliance upon such written notice from the Community Facilities District, the Trustee shall give notice, the form of which shall be prepared by the Community Facilities District and approved by the Trustee, to the Owners of the Adjustable Rate Bonds of such Series proposed to be subject to such amendment and to such Bank of such amendment and the mandatory purchase of all such Adjustable Rate Bonds as provided in the Indenture. In addition to the information required to be included therein pursuant to the Indenture, such notice shall state (i) the Amended Fixed Rate Bonds Effective Date, (ii) whether such Amended Fixed Rate Bonds are to be remarketed by the Remarketing Agent for such Series of Adjustable Rate Bonds or sold to a Purchaser, (iii) the rights of the Owners to tender such Adjustable Rate Bonds for purchase prior to the Amended Fixed Rate Bonds Effective Date, and (iv) the procedures for such a tender.

On the Amended Fixed Rate Bonds Effective Date so selected, such Adjustable Rate Bonds shall (i) if the Community Facilities District has so elected, as provided above, be remarketed by such Remarketing Agent as Fixed Rate Bonds with, subject to the provisions of the Indenture summarized in this section ("Amended Fixed Rate Bonds"), such terms and provisions as are agreed to by the Community Facilities District and such Remarketing Agent, or (ii) if the Community Facilities District has so elected, as provided above, be sold to such Purchaser as Fixed Rate Bonds with, subject to the provisions of the Indenture summarized in this section ("Amended Fixed Rate Bonds"), such terms and provisions as are agreed to by the Community Facilities District and such Purchaser.

(c) On the Amended Fixed Rate Bonds Effective Date, said Supplemental Indenture shall become effective and such Adjustable Rate Bonds shall become Amended Fixed Rate Bonds only if the following conditions are satisfied:

(i) on or before the Business Day preceding such Amended Fixed Rate Bonds Effective Date, such Remarketing Agent or such Purchaser, as applicable, and the Community Facilities District shall have entered into a written agreement for a firm commitment to purchase such Amended Fixed Rate Bonds on such Amended Fixed Rate Bonds Effective Date at a purchase price no less than an amount equal to the aggregate principal amount of such Amended Fixed Rate Bonds, and on such Amended Fixed Rate Bonds Effective Date, such Remarketing Agent or such Purchaser, as applicable, shall have purchased such Amended Fixed Rate Bonds at such purchase price in accordance with such firm commitment;

(ii) provision shall have been made on or before the Business Day preceding such Amended Fixed Rate Bonds Effective Date for the timely payment in full of all amounts due or to become due under the Reimbursement Agreement pursuant to which the Letter of Credit securing the payment of the Adjustable Rate Bonds being amended is issued;

(iii) on the Amended Fixed Rate Bonds Effective Date, the Trustee shall be in possession of sufficient moneys to pay the expenses of remarketing the Amended Fixed Rate Bonds, to pay the Costs of Issuance incurred in connection with the amendment of such Amended Fixed Rate Bonds and to deposit in the Fixed Rate Reserve Fund the amount, if any, necessary to cause the amount on deposit therein to be equal to the Reserve Requirement (calculated as if such Adjustable Rate Bonds had been amended to become Amended Fixed Rate Bonds); and

(iv) on or before such Amended Fixed Rate Bonds Effective Date, the Community Facilities District shall have received a certificate or certificates from one or more Independent Consultants which, when taken together, certify that:

(A) for each Fiscal Year that Fixed Rate Bonds will be Outstanding, the sum of (I) on the basis of the parcels of land in the Community Facilities District that are Developed Property as of the Amended Fixed Rate Bonds Effective Date, the amount of Maximum Special Taxes that may be levied on all such parcels of Developed Property pursuant to the Act, the Ordinance and the Rate and Method in such Fiscal Year, plus (II) the amount of the Installment Payments to be received in such Fiscal Year pursuant to the Installment Purchase Agreement, is at least equal to the sum of (aa) 110% of Annual Debt Service for the Corresponding Bond Year on all Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, plus (bb) Assumed Fixed Rate Administrative Expenses for such Fiscal Year; and

(B) the sum of (I) the Assessed Value of parcels of Developed Property for which a Qualified Appraisal Report has not been provided, plus (II) the Appraised Value of parcels of Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, plus (III) the Assessed Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has not been provided, plus (IV) the Appraised Value of parcels of CFD No. 08-1 Developed Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least four times the sum of (aa) the aggregate principal amount of Fixed Rate Bonds that will be Outstanding after the issuance of such Fixed Rate Bonds, plus (bb) the aggregate principal amount of all fixed lien special assessments levied on parcels of Developed Property or CFD No. 08-1 Property, based upon information from the most recent Fiscal Year for which such information is available, plus (cc) a portion of the aggregate principal amount of Other District Bonds equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction,

the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of Developed Property and CFD No. 08-1 Property, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

If any of the foregoing conditions are not satisfied, said Supplemental Indenture shall not become effective, such Adjustable Rate Bonds shall not be amended to become Amended Fixed Rate Bonds on such Amended Fixed Rate Bonds Effective Date and such Adjustable Rate Bonds shall be remarketed by such Remarketing Agent on such Amended Fixed Rate Bonds Effective Date as Adjustable Rate Bonds in the Daily Mode.

(d) The Supplemental Indenture providing for the amendment of such Adjustable Rate Bonds to Amended Fixed Rate Bonds shall specify the following:

(i) the principal amount and designation of such Series of Amended Fixed Rate Bonds; provided, however, that such Amended Fixed Rate Bonds may have the same designation, and constitute a part of the same Series of Bonds, as the Fixed Rate Bonds, if any, that are being issued simultaneously with the amendment of such Amended Fixed Rate Bonds;

(ii) the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Amended Fixed Rate Bonds; provided, that (A) each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a March 1 or a September 1 and, provided, further that serial maturities of serial maturities of serial Fixed Rate Bonds or mandatory sinking fund redemptions for term Fixed Rate Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Fixed Rate Bonds on or before their respective maturity dates, and (B) the latest maturity date of such Amended Fixed Rate Bonds shall be no later than the latest maturity date of the Adjustable Rate Bonds being amended;

(iii) the interest rate borne by each maturity of such Amended Fixed Rate Bonds, which shall be a rate that is fixed from the Amended Fixed Rate Bonds Effective Date through the maturity date thereof;

(iv) the terms of redemption and the redemption premiums, if any, for such Amended Fixed Rate Bonds;

(v) the form of such Amended Fixed Rate Bonds;

(vi) the amount to be deposited in the Fixed Rate Reserve Fund and the source of such deposit; provided, however, that the amount on deposit in the Fixed Rate Reserve Fund at the time such Supplemental Indenture becomes effective shall be at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement shall thereafter be maintained in the Fixed Rate Reserve Fund;

(vii) that such Supplemental Indenture shall become effective only if, on the Amended Fixed Rate Bonds Effective Date, the conditions specified in subsection (c) of above have been satisfied; and

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture.

(e) On the Amended Fixed Rate Bonds Effective Date, the Adjustable Rate Bonds purchased or deemed purchased pursuant to the Indenture and amended to become Amended Fixed Rate Bonds shall be redelivered as Amended Fixed Rate Bonds. Such Amended Fixed Rate Bonds shall be executed by the Community Facilities District and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(i) a certified copy of the Supplemental Indenture amending such Amended Fixed Rate Bonds;

(ii) a Written Request of the Community Facilities District as to the delivery of such Amended Fixed Rate Bonds;

(iii) a Written Certificate of the Community Facilities District stating that the conditions specified in subsections (c) and (d) above have been satisfied;

(iv) an opinion of Bond Counsel substantially to the effect that (A) the Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Community Facilities District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), (B) such Amended Fixed Rate Bonds constitute valid and binding special obligations of the Community Facilities District and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (C) the execution and delivery of such Supplemental Indenture, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the amendment of such Amended Fixed Rate Bonds from gross income for federal income tax purposes; and

(iv) such further documents as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the amendment of such Amended Fixed Rate Bonds.

(f) From and after the date on which Adjustable Rate Bonds become Amended Fixed Rate Bonds as provided in the provisions of the Indenture summarized in under this caption entitled "Amended Fixed Rate Bonds" (i) such Amended Fixed Rate Bonds shall be payable from Net Tax Roll Revenues as provided in the Indenture on a parity with all other Fixed Rate Bonds Outstanding under the Indenture, such Amended Fixed Rate Bonds shall be Fixed Rate Bonds for all purposes of the Indenture and such Amended Fixed Rate Bonds shall be subject to all of the provisions of the Indenture relating to Fixed Rate Bonds, and (ii) the stated amount of the Letter of Credit securing the payment of such Adjustable Rate Bonds shall be reduced in accordance with the Reimbursement Agreement pursuant to which such Letter of Credit is issued and shall no longer constitute a source of payment of the principal of and interest on such Amended Fixed Rate Bonds.

Pledges

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

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Adjustable Rate Bonds of a Series in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners of such Adjustable Rate Bonds, and grants thereto a lien on and a security interest in, all of the proceeds of draws made under the Letter of Credit securing payment of such Adjustable Rate Bonds pursuant to certain provisions of the Indenture and any other amounts held in the Letter of Credit Account established for such Series of Adjustable Rate Bonds. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the Community Facilities District's obligations under each Reimbursement Agreement pursuant to which a Letter of Credit is issued to reimburse the Bank issuing such Letter of Credit, with interest as provided therein, for draws made under such Letter of Credit pursuant to certain provisions of the Indenture and honored by such Bank, in accordance with the provisions of such Reimbursement Agreement, the Indenture and the Act, the Community Facilities District pledges to the each such Bank, and grants thereto a lien on and a security interest in, all of the Net Adjustable Rate Revenues and any other amounts held in the Direct Bill Revenue Account and the Adjustable Rate Bond Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Adjustable Rate Bonds of a Series in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners of such Adjustable Rate Bonds, and grants thereto a lien on and a security interest in, all of the Net Adjustable Rate Revenues and any other amounts held in the Direct Bill Revenue Account and the Adjustable Rate Bond Fund. Said pledge shall constitute a lien on and security interest in such assets, which pledge, lien and

security interest shall be junior and subordinate to the pledge of, lien on, and security interest in such assets established pursuant to the Indenture, and which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the Community Facilities District's obligation to pay all amounts due to each Bank from time to time under the Reimbursement Agreement pursuant to which such Bank's Letter of Credit is issued, other than amounts due to such Bank to reimburse such Bank, with interest as provided in such Reimbursement Agreement, for draws made under such Letter of Credit pursuant to certain provisions of the Indenture and honored by such Bank, in accordance with the provisions of such Reimbursement Agreement, the Indenture and the Act, the Community Facilities District pledges to the each such Bank, and grants thereto a lien on and a security interest in, all amounts held in the Adjustable Rate Administrative Expense Account. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Funds and Accounts

Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." There shall be deposited in the Costs of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Series 2020 Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Proceeds Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

If the Costs of Issuance Fund has been closed in accordance with the provisions of the Indenture, such Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and in connection with the amendment of any Amended Fixed Rate Bonds, if so provided in the Supplemental Indenture pursuant to which such Amended Fixed Rate Bonds are amended. There shall be deposited in the Cost of Issuance Fund (a) the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which Additional Bonds are issued, (b) the amount required to be deposited therein under the Supplemental Indenture pursuant to which Amended Fixed Rate Bonds are amended, from the source specified in such Supplemental Indenture, and (c) any amount required to be transferred thereto pursuant to the section under the heading "Adjustable Rate Bond Fund."

Improvement Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee shall establish and maintain a separate account designated the "Proceeds Account" and a separate account designated the "Non-Proceeds Account." On the Closing Date, the Trustee shall deposit in the Proceeds Account the amount required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Proceeds Account the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Non-Proceeds Account the amounts required to be transferred thereto pursuant to the section under the heading "Tax Roll Revenue Account."

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

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

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

The moneys in the Non-Proceeds Account shall be transferred by the Trustee from time to time to the Tax Roll Revenue Account, the Direct Bill Revenue Account, the Fixed Rate Redemption Account or the Adjustable Rate Redemption Account as requested, and in the amount specified, in a Written Request of the Community Facilities District submitted to the Trustee.

CFD No. 08-1 Project Fund. (i) The Trustee shall establish and maintain a separate fund designated the "CFD No. 08-1 Project Fund." On the Closing Date, the Trustee shall deposit in the CFD No. 08-1 Project Fund the amount required to be deposited therein pursuant to the Indenture.

The moneys in the CFD No. 08-1 Project Fund shall be used and withdrawn by the Trustee from time to time to pay the costs of the CFD No. 08-1 Project upon submission to the Trustee of a Written

Request of CFD No. 08-1 stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the CFD No. 08-1 Project and is a proper charge against the CFD No. 08-1 Project Fund, and (v) that such amounts have not been the subject of a prior disbursement from the CFD No. 08-1 Project Fund, in each case together with a statement or invoice for each amount requested thereunder.

Upon the filing of a Written Certificate of CFD No. 08-1 stating (i) that the CFD No. 08-1 Project has been completed and that all costs of the CFD No. 08-1 Project have been paid, or (ii) that the CFD No. 08-1 Project has been substantially completed and that all remaining costs of the CFD No. 08-1 Project have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the CFD No. 08-1 Project Fund (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Fixed Rate Redemption Account and the Adjustable Rate Redemption Account *pro rata* based on the principal amount of Fixed Rate Bonds and Adjustable Rate Bonds Outstanding, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the CFD No. 08-1 Project Fund (less any such retention) to the Fixed Rate Interest Account and the Adjustable Rate Interest Account *pro rata* based on the principal amount of Fixed Rate Bonds and Adjustable Rate Bonds Outstanding, to be applied to the payment of interest on the Bonds.

Purchase Fund. (a) The Trustee shall establish and maintain a special fund designated the "Purchase Fund." Within the Purchase Fund, the Trustee shall establish and maintain a separate account designated the "Letter of Credit Purchase Account" and a separate account designated the "Remarketing Proceeds Account." Within the Letter of Credit Purchase Account, the Trustee shall establish and maintain a separate subaccount for each Series of Adjustable Rate Bonds designated the "Letter of Credit Purchase Subaccount," which subaccount may have such further designation as may be appropriate to distinguish such subaccount from each other such subaccount established pursuant to the Indenture; provided, however, that, if the payment of Adjustable Rate Bonds of two or more Series is secured by the same Letter of Credit, the Trustee shall establish only one Letter of Credit Purchase Subaccount for all of such Series of Adjustable Rate Bonds. Within the Remarketing Proceeds Account, the Trustee shall establish and maintain a separate subaccount for each Series of Adjustable Rate Bonds designated the "Remarketing Proceeds Subaccount," which subaccount may have such further designation as may be appropriate to distinguish such subaccount from each other such subaccount established pursuant to the Indenture; provided, however, that, if the payment of Adjustable Rate Bonds of two or more Series is secured by the same Letter of Credit, the Trustee shall establish only one Remarketing Proceeds Subaccount for all of such Series of Adjustable Rate Bonds.

(b) Upon receipt on a Purchase Date or Mandatory Purchase Date of the proceeds of a remarketing of Adjustable Rate Bonds of a Series or Amended Fixed Rate Bonds that have become Amended Fixed Rate Bonds, as a result of the amendment of Adjustable Rate Bonds of such Series, the Trustee shall deposit such proceeds in the Remarketing Proceeds Subaccount established for such Series of Adjustable Rate Bonds for application to the Purchase Price of such Adjustable Rate Bonds in accordance with the Indenture. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank Bonds, the Trustee shall immediately pay such proceeds to the Bank in the name of which, or on behalf of which, such Bank Bonds are registered, to the extent of any amount owing to such Bank.

(c) Upon receipt from the Trustee of the immediately available funds transferred to the Trustee pursuant to the section under the heading "Letter of Credit; Alternate Letter of Credit," the Trustee shall deposit such funds in the Letter of Credit Purchase Subaccount for the Series of Adjustable Rate Bonds for which such funds are received for application to the Purchase Price of such Adjustable Rate Bonds to the extent that the monies on deposit in the Remarketing Proceeds Account established for such Series of Adjustable Rate Bonds shall not be sufficient. Any amounts deposited in the Letter of Credit Purchase

Subaccount for a Series of Adjustable Rate Bonds and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Adjustable Rate Bonds of such Series shall be immediately returned to the Bank issuing the Letter of Credit securing the payment of the Adjustable Rate Bonds of such Series.

(d) Amounts held in the Letter of Credit Purchase Account and the Remarketing Proceeds Subaccounts by the Trustee shall be held uninvested.

Special Tax Fund; Prepayments. (a) The Trustee shall establish and maintain a separate fund designated the "Special Tax Fund." Within the Special Tax Fund, the Trustee shall establish and maintain a separate account designated the "Tax Roll Revenue Account" and a separate account designated the "Direct Bill Revenue Account."

(b) No later than ten Business Days after the receipt by the Community Facilities District of any prepaid Special Taxes for an Assessor's Parcel of Tax Roll Property, the Community Facilities District shall transfer such prepaid Special Taxes to the Trustee and (i) said prepaid Special Taxes for Tax Roll Property shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, (ii) the portion of such prepaid Special Taxes to be applied to the Redemption Price of Bonds shall be identified in such Written Certificate of the Community Facilities District, which amount shall be equal to the product of (A) a fraction, the numerator of which is the Maximum Special Tax for the then current Fiscal Year for such Assessor's Parcel and the denominator of which is the aggregate of the Maximum Special Taxes for such Fiscal Year for all Assessor's Parcels of Taxable Property on which Special Taxes were levied for such Fiscal Year, times (B) the aggregate principal amount of Bonds Outstanding as of the date of such Written Certificate of the Community Facilities District, and such amount shall be deposited by the Trustee (I) if Fixed Rate Bonds are Outstanding, in the Fixed Rate Redemption Account; provided, however, that if the amount to be so deposited is greater than the aggregate principal amount of the Fixed Rate Bonds then Outstanding, an amount equal to such principal amount shall be deposited in the Fixed Rate Redemption Account and the remainder shall be deposited in the Adjustable Rate Redemption Account, or (II) if no Fixed Rate Bonds are Outstanding, in the Adjustable Rate Redemption Account, (iii) the portion, if any, of such prepaid Special Taxes to be applied to the payment of interest on the Fixed Rate Bonds shall be identified in such Written Certificate of the Community Facilities District, which portion shall be equal to the amount of interest on the Fixed Rate Bonds to be redeemed from the amount, if any, deposited in the Fixed Rate Redemption Account pursuant to clause (I), above, to accrue to the first date on which such Fixed Rate Bonds may be redeemed from Special Tax prepayments pursuant to the provisions of the Supplemental Indenture under which such Fixed Rate Bonds are issued, and such amount shall be deposited in the Fixed Rate Interest Account, (iv) the portion, if any, of such prepaid Special Taxes to be applied to the payment of interest on the Adjustable Rate Bonds shall be identified in such Written Certificate of the Community Facilities District, which portion shall be equal to the estimated amount of interest on the Adjustable Rate Bonds to be redeemed from the amount, if any, deposited in the Adjustable Rate Redemption Account pursuant to clauses (I) and (II), above, to accrue to the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to certain provisions of the Indenture, and such amount shall be deposited in the Adjustable Rate Interest Account, and (v) the portion of such prepaid Special Taxes to be deposited in the Non-Proceeds Account shall be identified in such Written Certificate of the Community Facilities District, which amount shall be equal to the remainder of (A) the amount of such prepaid Special Taxes, minus (B) the sum of the amounts of the deposits, if any, made pursuant to clauses (ii), (iii) and (iv), above, and such amount shall be deposited in the Non-Proceeds Account.

(c) No later than ten Business Days after the receipt by the Community Facilities District of any prepaid Special Taxes for an Assessor's Parcel of Direct Bill Property, the Community Facilities

District shall transfer such prepaid Special Taxes to the Trustee and (i) said prepaid Special Taxes for Direct Bill Property shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, (ii) the portion of such prepaid Special Taxes to be applied to the Redemption Price of Bonds shall be identified in such Written Certificate of the Community Facilities District, which amount shall be equal to the product of (A) a fraction, the numerator of which is the Maximum Special Tax for the then current Fiscal Year for such Assessor's Parcel and the denominator of which is the aggregate of the Maximum Special Taxes for such Fiscal Year for all Assessor's Parcels of Taxable Property on which Special Taxes were levied for such Fiscal Year, times (B) the aggregate principal amount of Bonds Outstanding as of the date of such Written Certificate of the Community Facilities District, and such amount shall be deposited by the Trustee (I) if Adjustable Rate Bonds are Outstanding, in the Adjustable Rate Redemption Account; provided, however, that if the amount to be so deposited is greater than the aggregate principal amount of the Adjustable Rate Bonds then Outstanding, an amount equal to such principal amount shall be deposited in the Adjustable Rate Redemption Account and the remainder shall be deposited in the Fixed Rate Redemption Account, or (II) if no Adjustable Rate Bonds are Outstanding, in the Fixed Rate Redemption Account, (iii) the portion, if any, of such prepaid Special Taxes to be applied to the payment of interest on the Adjustable Rate Bonds shall be identified in such Written Certificate of the Community Facilities District, which portion shall be equal to the estimated amount of interest on the Adjustable Rate Bonds to be redeemed from the amount, if any, deposited in the Adjustable Rate Redemption Account pursuant to clause (I), above, to accrue to the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to certain provisions of the Indenture, and such amount shall be deposited in the Adjustable Rate Interest Account, (iv) the portion, if any, of such prepaid Special Taxes to be applied to the payment of interest on the Fixed Rate Bonds shall be identified in such Written Certificate of the Community Facilities District, which portion shall be equal to the amount of interest on the Fixed Rate Bonds to be redeemed from the amount, if any, deposited in the Fixed Rate Redemption Account pursuant to clauses (I) and (II), above, to accrue to the first date on which such Fixed Rate Bonds may be redeemed from Special Tax prepayments pursuant to the provisions of the Supplemental Indenture under which such Fixed Rate Bonds are issued, and such amount shall be deposited in the Fixed Rate Interest Account, and (v) the portion of such prepaid Special Taxes to be deposited in the Non-Proceeds Account shall be identified in such Written Certificate of the Community Facilities District, which amount shall be equal to the remainder of (A) the amount of such prepaid Special Taxes, minus (B) the sum of the amounts of the deposits, if any, made pursuant to clauses (ii), (iii) and (iv), above, and such amount shall be deposited in the Non-Proceeds Account.

Tax Roll Revenue Account. (a) No later than ten Business Days after the receipt by the Community Facilities District of any Tax Roll Revenues (other than prepaid Special Taxes for Tax Roll Property), the Community Facilities District shall transfer such Tax Roll Revenues (other than any such prepaid Special Taxes) to the Trustee and the Trustee shall deposit such Tax Roll Revenues in the Tax Roll Revenue Account. Additionally, the Trustee shall deposit in the Tax Roll Revenue Account any amounts required to be transferred thereto from the Direct Bill Revenue Account pursuant to the section under the heading "Direct Bill Revenue Account."

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

(c) If no Adjustable Rate Bonds are Outstanding, the Trustee shall, after having made any requested transfer to the Fixed Rate Administrative Expense Account, make the following transfers on the dates specified:

(i) *Fixed Rate Interest Account.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on such Interest Payment Date;

(ii) *Fixed Rate Principal Account.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, after having made any transfers required to be made pursuant to the preceding paragraph (i), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Principal Account to be equal to the principal due on the Fixed Rate Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Fixed Rate Bonds;

(iii) *Fixed Rate Reserve Fund.* On the Business Day immediately preceding each Interest Payment Date for the Fixed Rate Bonds, after having made any transfers required to be made pursuant to the preceding paragraphs (i) and (ii), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(iv) *Subordinate Obligations.* On each September 2, the Trustee shall transfer from the Tax Roll Revenue Account to the Person specified in a Written Request of the Community Facilities District received by the Trustee prior to such September 2, the amount, if any, specified in such Written Request of the Community Facilities District as the amount that will be required to pay during the Bond Year commencing on such September 2 debt service on obligations payable from Net Tax Roll Revenues and Direct Bill Revenues on a basis subordinate to the Bonds incurred in accordance with the provisions under the section under the heading "Additional Bonds."

(v) *Non-Proceeds Account.* On each September 2, after having made any transfer required to be made pursuant to the preceding paragraph (iv), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Non-Proceeds Account.

(d) If Adjustable Rate Bonds are Outstanding, the Trustee shall, after having made any requested transfer to the Fixed Rate Administrative Expense Account, make the following transfers on the dates specified:

(i) On the last Business Day of each September, October, November, December, January and February, the Trustee shall make the following transfers:

(A) *Fixed Rate Interest Account.* The Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on the immediately succeeding March 1;

(B) *Fixed Rate Principal Account.* After having made any transfers required to be made pursuant to the preceding paragraph (A), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (I) one-half of the principal due on the Fixed Rate Bonds

on the immediately succeeding September 1, and (II) the principal due on the Fixed Rate Bonds on the immediately succeeding March 1;

(C) *Fixed Rate Reserve Fund.* After having made any transfers required to be made pursuant to the preceding paragraphs (A) and (B), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(D) *Direct Bill Revenue Account.* After having made any transfers required to be made pursuant to the preceding paragraphs (A), (B) and (C), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Direct Bill Revenue Account.

Notwithstanding the foregoing, if, no earlier than the last day on which Tax Roll Revenues are transferred by the Community Facilities District to the Trustee pursuant to subsection (a) above in this section in a December, January or February of a Fiscal Year and on or prior to the last Business Day of such December, January or February, the Trustee receives a Written Certificate of the Community Facilities District (I) stating that the amount of Special Taxes levied on Tax Roll Property in such Fiscal Year received by the Community Facilities District on and prior to the date of such Written Certificate is in excess of 50% of the total amount of Special Taxes levied on Tax Roll Property in such Fiscal Year, and (II) specifying the amount of such excess, the Trustee shall, after having made any transfers required to be made pursuant to the preceding paragraphs (A), (B) and (C), and prior to making any transfer pursuant to the preceding paragraph (D), transfer on such last Business Day of December, January or February, as applicable, any remaining amounts in the Tax Roll Revenue Account as provided in paragraph (ii), below (and, for such purpose, the reference therein to “March, April, May, June, July and August” shall be deemed to be a reference to “December, January or February, as applicable”); provided, however, that the amount of such remaining amounts so transferred shall not exceed the amount of the excess specified in such Written Certificate.

(ii) On the last Business Day of each March, April, May, June, July and August, the Trustee shall make the following transfers:

(A) *Fixed Rate Interest Account.* The Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Interest Account to be equal to the interest due on the Fixed Rate Bonds on the immediately succeeding September 1;

(B) *Fixed Rate Principal Account.* After having made any transfers required to be made pursuant to the preceding paragraph (A), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Principal Account to be equal to (I) one-half of the principal due on the Fixed Rate Bonds on the immediately succeeding March 1, and (II) the principal due on the Fixed Rate Bonds on the immediately succeeding September 1;

(C) *Fixed Rate Reserve Fund.* After having made any transfers required to be made pursuant to the preceding paragraphs (A) and (B), the Trustee shall transfer from the Tax Roll Revenue Account to the Fixed Rate Reserve Fund, if and to the extent available

therein, the amount, if any, necessary to cause the amount on deposit in the Fixed Rate Reserve Fund to be equal to the Reserve Requirement.

(D) *Direct Bill Revenue Account.* After having made any transfers required to be made pursuant to the preceding paragraphs (A), (B) and (C), the Trustee shall transfer any remaining amounts in the Tax Roll Revenue Account to the Direct Bill Revenue Account.

Direct Bill Revenue Account. (a) Upon receipt by the Trustee of any Direct Bill Revenues, the Trustee shall deposit such Direct Bill Revenues in the Direct Bill Revenue Account; provided, however, that if, on the date such Direct Bill Revenues are received, there are no Adjustable Rate Bonds Outstanding and all amounts owed to the Banks pursuant to the Reimbursement Agreements have been paid in full, the Trustee shall deposit such Direct Bill Revenues in the Tax Roll Revenue Account. Additionally, the Trustee shall deposit in the Direct Bill Revenue Account any amounts required to be transferred thereto from the Tax Roll Revenue Account pursuant to the section under the heading "Tax Roll Revenue Account."

(b) Upon receipt of a Written Request of the Community Facilities District, the Trustee shall transfer from the Direct Bill Revenue Account to the Adjustable Rate Administrative Expense Account, if and to the extent available therein, the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Adjustable Rate Administrative Expenses.

(c) On each Interest Payment Date for the Adjustable Rate Bonds, after having made any requested transfer to the Adjustable Rate Administrative Expense Account, the Trustee shall transfer from the Direct Bill Revenue Account to the Adjustable Rate Interest Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Adjustable Rate Interest Account to be equal to the interest due on the Adjustable Rate Bonds on such Interest Payment Date.

(d) On each Principal Payment Date for the Adjustable Rate Bonds, after having made any requested transfer to the Adjustable Rate Administrative Expense Account, the Trustee shall transfer from the Direct Bill Revenue Account to the Adjustable Rate Principal Account, if and to the extent available therein, the amount, if any, necessary to cause the amount on deposit in the Adjustable Rate Principal Account to be equal to the principal due on the Adjustable Rate Bonds on such Principal Payment Date.

(e) On each Term Out Redemption Date for Bank Bonds, after having made any requested transfer to the Adjustable Rate Administrative Expense Account, the Trustee shall transfer from the Direct Bill Revenue Account to the Adjustable Rate Redemption Account, if and to the extent available therein, an amount equal to the Redemption Price of such Bank Bonds required, under the terms of the Reimbursement Agreement pursuant to which was issued the Letter of Credit securing the payment of the Adjustable Rate Bonds of the Series of which such Bank Bonds are a part, to be optionally redeemed on such Term Out Redemption Date pursuant to the provisions under the heading "Optional Redemption."

(f) On the penultimate Business Day of December, after having made any requested transfer to the Adjustable Rate Administrative Expense Account, the Trustee shall transfer from the Direct Bill Revenue Account to the Person specified in a Written Request of the Community Facilities District received by the Trustee prior to such penultimate Business Day of December, the amount, if any, specified in such Written Request of the Community Facilities District as the amount that will be required to pay during the immediately succeeding calendar year, debt service on obligations payable from Net Tax Roll Revenues and Direct Bill Revenues on a basis subordinate to the Bonds incurred in accordance with the provisions under the heading "Additional Bonds."

(g) On the penultimate Business Day of December, after having made any transfer required to be made pursuant to the preceding paragraph (f), the Trustee shall transfer any remaining amounts in the Direct Bill Revenue Account to the Non-Proceeds Account.

Fixed Rate Bond Fund. (a) On the first date on which Fixed Rate Bonds are Outstanding, the Trustee shall establish and maintain a separate fund designated the “Fixed Rate Bond Fund.” Within the Fixed Rate Bond Fund, the Trustee shall establish and maintain a separate account designated the “Fixed Rate Capitalized Interest Account,” a separate account designated the “Fixed Rate Interest Account,” a separate account designated the “Fixed Rate Principal Account” and a separate account designated the “Fixed Rate Redemption Account.” There shall be deposited in the accounts of the Fixed Rate Bond Fund the amounts required to be deposited therein pursuant to the Indenture. Additionally, there shall be deposited in any of the accounts of the Fixed Rate Bond Fund the portion, if any, of the proceeds of the sale of a Series of Fixed Rate Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Series of Fixed Rate Bonds are issued.

(b) There shall be transferred from the Fixed Rate Capitalized Interest Account to the Fixed Rate Interest Account the amounts required to be so transferred under any Supplemental Indenture.

(c) On each Interest Payment Date on which interest on the Fixed Rate Bonds is due and payable, the Trustee shall withdraw from the Fixed Rate Interest Account for payment to the Owners of the Fixed Rate Bonds such interest then due and payable. In the event that, on the Business Day prior to an Interest Payment Date for the Fixed Rate Bonds, amounts in the Fixed Rate Interest Account are insufficient to pay the interest on the Fixed Rate Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Fixed Rate Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Fixed Rate Interest Account.

(d) On each March 1 or September 1 on which principal of the Fixed Rate Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Fixed Rate Bonds, the Trustee shall withdraw from the Fixed Rate Principal Account for payment to the Owners of the Fixed Rate Bonds such principal then due and payable. In the event that, on the Business Day prior to a March 1 or September 1 on which principal of the Fixed Rate Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Fixed Rate Bonds, amounts in the Fixed Rate Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Fixed Rate Reserve Fund required to be withdrawn therefrom on such date pursuant to the preceding subsection (c), the Trustee shall withdraw from the Fixed Rate Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Fixed Rate Principal Account.

(e) The Trustee shall deposit in the Fixed Rate Redemption Account any amounts required to be deposited therein pursuant to the provisions of any Supplemental Indenture. Such amounts shall be disbursed from the Fixed Rate Redemption Account for the payment of the Redemption Price of Fixed Rate Bonds redeemed under the Supplemental Indenture pursuant to which such Fixed Rate Bonds are issued.

Fixed Rate Reserve Fund. (a) The Trustee has established and is maintaining a special fund designated the “Fixed Rate Reserve Fund.” The Trustee has previously deposited in the Fixed Rate Reserve Fund the Reserve Policy, the Series 2018 Reserve Policy and the Series 2019 Reserve Policy. On the Series 2020 Closing Date, the Trustee shall deposit in the Fixed Rate Reserve Fund the Series 2020 Reserve Policy. There shall be deposited in the Fixed Rate Reserve Fund the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Fixed Rate Reserve Fund (i) in connection with the issuance of additional Fixed Rate Bonds or the amendment of Adjustable Rate Bonds to Amended Fixed Rate Bonds, the amount required to be deposited therein under the Supplemental

Indenture pursuant to which such additional Fixed Rate Bonds are issued or such Adjustable Rate Bonds are amended to Amended Fixed Rate Bonds, all or a portion of which amount may be provided through the deposit therein of an Additional Reserve Policy, and (ii) any amounts paid by the Insurer pursuant to a claim on the Reserve Policy and any amounts paid by the issuer of and Additional Reserve Policy pursuant to a claim on such Additional Reserve Policy.

(b) The Community Facilities District may, with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), substitute an Additional Reserve Policy for all or part of the moneys on deposit in the Fixed Rate Reserve Fund by depositing such Additional Reserve Policy with the Trustee, provided that, at the time of such substitution, the amount on deposit in the Fixed Rate Reserve Fund, together with the amount available under all Reserve Facilities, shall be at least equal to the Reserve Requirement. Moneys for which an Additional Reserve Policy has been substituted as provided in the Indenture shall be transferred, at the election of the Community Facilities District (i) to the Fixed Rate Redemption Account to be applied to the optional redemption of Fixed Rate Bonds or, (ii) upon receipt of a Favorable Opinion of Bond Counsel, to the Community Facilities District to pay the costs of authorized capital expenditures.

(c) In the event that, on the date five Business Day prior to an Interest Payment Date for the Fixed Rate Bonds (i) amounts in the Fixed Rate Interest Account are insufficient to pay the interest on the Fixed Rate Bonds due and payable on such Interest Payment Date, and/or (ii) amounts in the Fixed Rate Principal Account are insufficient to pay the principal, if any, of the Fixed Rate Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Fixed Rate Bonds, the Trustee shall withdraw from the Fixed Rate Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Fixed Rate Interest Account and/or Fixed Rate Principal Account. If, on such date, the amount on deposit in the Fixed Rate Reserve Fund is not sufficient to make any such transfer, the Trustee shall make a claim under each available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required; provided, however, if and to the extent that, in addition to the Reserve Policy, an Additional Reserve Policy is credited to the Fixed Rate Reserve Fund, drawings thereunder and under the Reserve Policy shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder). Amounts on deposit in the Fixed Rate Reserve Fund which were not derived from payments under any Reserve Facility credited to the Fixed Rate Reserve Fund to satisfy a portion of the Reserve Requirement shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and, if a claim is required to be made thereon, provide notice to the Insurer in accordance with the Reserve Policy at least five Business Days prior to each Interest Payment Date. The phrase "coverage then available" means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Facility without regard to the legal or financial ability or willingness of the issuer thereof to honor a claim or draw thereon or the failure of such issuer to honor any such claim or draw.

(d) Repayment of draws on each Reserve Facility, payment to the issuer of such Reserve Facility of administrative expenses related to such draw and payment to the issuer of such Reserve Facility of interest due with respect to such draw and administrative expenses shall be made prior to replenishment of any cash amounts. Repayment to the issuers of Reserve Facilities of draws thereon, of payment of administrative expenses related to such draws and payment to such issuers of interest due with respect to such draws and administrative expenses shall be made on a *pro-rata* basis.

(e) The following provisions of this subsection of the Indenture shall be applicable to the Reserve Policy:

(i) If a draw has been made on the Reserve Policy, the Trustee shall, from the deposits to the Fixed Rate Reserve Fund made pursuant to subsection (b) above, repay the Insurer for such draw, pay the Insurer for any Insurer Expenses related to such draw and pay the Insurer interest on such draw and Insurer Expenses from the date of payment by the Insurer at the Insurer Rate. Amounts so paid to the Insurer shall be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent that payments are made to the Insurer in repayment of such draw, the coverage under the Reserve Policy shall be increased by a like amount, subject to the terms of the Reserve Policy.

(ii) If the Community Facilities District shall fail to pay any amounts owing to the Insurer in pursuant to paragraph (i), above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Bonds.

(iii) The Indenture shall not be discharged until all amounts owing to the Insurer pursuant to paragraph (i), above, shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2017 Bonds.

(iv) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subsection (c) above and provide notice to the Insurer at least three Business Days prior to each date upon which a draw thereon is required to pay principal of or interest on the Series 2017 Bonds when due.

(v) The Reserve Policy shall expire on the earlier of the date the Series 2017 Bonds are no longer Outstanding and the final maturity date of the Series 2017 Bonds.

(f) Whenever Fixed Rate Bonds are to be optionally redeemed, redeemed from Special Tax prepayments or redeemed from Installment Payment prepayments, a proportionate share, determined as provided below, of the amount on deposit in the Fixed Rate Reserve Fund shall, on the date on which amounts to redeem such Fixed Rate Bonds are deposited in the Fixed Rate Redemption Account or otherwise deposited with the Trustee pursuant to the Indenture, be transferred by the Trustee from the Fixed Rate Reserve Fund to the Fixed Rate Redemption Account or to such deposit held by the Trustee and shall be applied to the redemption of said Fixed Rate Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Fixed Rate Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Fixed Rate Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Fixed Rate Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Fixed Rate Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Fixed Rate Bonds to be so redeemed and the denominator of which is the principal amount of Fixed Rate Bonds to be Outstanding on the day prior to the date on which such Fixed Rate Bonds are to be so redeemed. Notwithstanding the foregoing, no claim on any Reserve Facility shall be made for the purpose of providing moneys to be applied pursuant to this subsection of the Indenture, and no moneys derived from a claim on any Reserve Facility shall be applied pursuant to this subsection of the Indenture.

(g) Whenever the balance in the Fixed Rate Reserve Fund exceeds the amount required to redeem or pay the Outstanding Fixed Rate Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request

of the Community Facilities District, transfer the amount in the Fixed Rate Reserve Fund to the Fixed Rate Interest Account, the Fixed Rate Principal Account and the Fixed Rate Redemption Account, as applicable, to be applied, on the next succeeding Interest Payment Date on which such amounts can be so applied in accordance with the provisions of the Indenture, to the payment and redemption of all of the Outstanding Fixed Rate Bonds. Notwithstanding the foregoing, no claim on any Reserve Facility shall be made for the purpose of providing moneys to be applied pursuant to this subsection of the Indenture, and no moneys derived from a claim on any Reserve Facility shall be applied pursuant to this subsection of the Indenture.

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

(i) The following provisions of this subsection shall be applicable to the Series 2018 Reserve Policy:

(i) If a draw has been made on the Series 2018 Reserve Policy, the Trustee shall, from the deposits to the Fixed Rate Reserve Fund made pursuant to subsection (b) above, repay the Insurer for such draw, pay the Insurer for any Insurer Expenses related to such draw and pay the Insurer interest on such draw and Insurer Expenses from the date of payment by the Insurer at the Series 2018 Insurer Rate. Amounts so paid to the Insurer shall be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent that payments are made to the Insurer in repayment of such draw, the coverage under the Series 2018 Reserve Policy shall be increased by a like amount, subject to the terms of the Series 2018 Reserve Policy.

(ii) If the Community Facilities District shall fail to pay any amounts owing to the Insurer in pursuant to paragraph (i), above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Bonds.

(iii) The Indenture shall not be discharged until all amounts owing to the Insurer pursuant to paragraph (i), above, shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2018 Bonds.

(iv) The Trustee shall ascertain the necessity for a claim upon the Series 2018 Reserve Policy in accordance with the provisions of subsection (c) of this section and provide notice to the Insurer at least three Business Days prior to each date upon which a draw thereon is required to pay principal of or interest on the Series 2018 Bonds when due.

(v) The Series 2018 Reserve Policy shall expire on the earlier of the date the Series 2018 Bonds are no longer Outstanding and the final maturity date of the Series 2018 Bonds.

(j) The following provisions of this subsection shall be applicable to the Series 2019 Reserve Policy:

(i) If a draw has been made on the Series 2019 Reserve Policy, the Trustee shall, from the deposits to the Fixed Rate Reserve Fund made pursuant to subsection (b) above, repay the Insurer for such draw, pay the Insurer for any Insurer Expenses related to such draw and pay the Insurer interest on such draw and Insurer Expenses from the date of payment by the Insurer at the Series 2019 Insurer Rate. Amounts so paid to the Insurer shall be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent

that payments are made to the Insurer in repayment of such draw, the coverage under the Series 2019 Reserve Policy shall be increased by a like amount, subject to the terms of the Series 2019 Reserve Policy.

(ii) If the Community Facilities District shall fail to pay any amounts owing to the Insurer in pursuant to paragraph (i), above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Bonds.

(iii) The Indenture shall not be discharged until all amounts owing to the Insurer pursuant to paragraph (i), above, shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2019 Bonds.

(iv) The Trustee shall ascertain the necessity for a claim upon the Series 2019 Reserve Policy in accordance with the provisions of subsection (c) above and provide notice to the Insurer at least three Business Days prior to each date upon which a draw thereon is required to pay principal of or interest on the Series 2019 Bonds when due.

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

(k) The following provisions of this subsection shall be applicable to the Series 2020 Reserve Policy:

(i) If a draw has been made on the Series 2020 Reserve Policy, the Trustee shall, from the deposits to the Fixed Rate Reserve Fund made pursuant to subsection (b) above, repay the Insurer for such draw, pay the Insurer for any Insurer Expenses related to such draw and pay the Insurer interest on such draw and Insurer Expenses from the date of payment by the Insurer at the Series 2020 Insurer Rate. Amounts so paid to the Insurer shall be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent that payments are made to the Insurer in repayment of such draw, the coverage under the Series 2020 Reserve Policy shall be increased by a like amount, subject to the terms of the Series 2020 Reserve Policy.

(ii) If the Community Facilities District shall fail to pay any amounts owing to the Insurer in pursuant to paragraph (i), above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Bonds.

(iii) The Indenture shall not be discharged until all amounts owing to the Insurer pursuant to paragraph (i), above, shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2020 Bonds.

(iv) The Trustee shall ascertain the necessity for a claim upon the Series 2020 Reserve Policy in accordance with the provisions of subsection (c) above and provide notice to the Insurer at least three Business Days prior to each date upon which a draw thereon is required to pay principal of or interest on the Series 2020 Bonds when due.

(v) The Series 2020 Reserve Policy shall expire on the earlier of the date the Series 2020 Bonds are no longer Outstanding and the final maturity date of the Series 2020 Bonds.

Adjustable Rate Bond Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Adjustable Rate Bond Fund." Within the Adjustable Rate Bond Fund, the Trustee shall establish and maintain a separate account designated the "Adjustable Rate Capitalized Payments Account," a separate account designated the "Adjustable Rate Interest Account," a separate account designated the "Adjustable Rate Principal Account" and a separate account designated the "Adjustable Rate Redemption Account." On the Closing Date there shall be deposited in the Adjustable Rate Capitalized Payments Account the amount specified in the Indenture. There shall be deposited in the accounts of the Adjustable Rate Bond Fund the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in any of the accounts of the Adjustable Rate Bond Fund the portion, if any, of the proceeds of the sale of Additional Adjustable Rate Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Adjustable Rate Bonds are issued.

(b) So long as amounts are available in the Adjustable Rate Capitalized Payments Account, on each day on which amounts representing draws on a Letter of Credit pursuant to the Indenture to pay interest on the Adjustable Rate Bonds are paid by the Bank issuing the Letter of Credit, the Trustee shall withdraw and apply amounts in the Adjustable Rate Capitalized Payments Account to reimburse such Bank for such draws. If a Bank fails to honor any such draw on its Letter of Credit, the Trustee shall withdraw from the Adjustable Rate Capitalized Payments Account for payment to the Owners of the Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, the interest then due and payable on such Adjustable Rate Bonds. So long as amounts are available in the Adjustable Rate Capitalized Payments Account, on each Interest Payment Date on which interest is due and payable on Bank Bonds, the Trustee shall withdraw and apply amounts in the Adjustable Rate Capitalized Payments Account to the payment of the interest then due and payable on such Bank Bonds. Additionally, the moneys in the Adjustable Rate Capitalized Payments Account shall be used and withdrawn by the Trustee from time to time to pay Adjustable Rate Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a periodic cost of the Adjustable Rate Bonds and is a proper charge against the Adjustable Rate Capitalized Payments Account, and (v) that such amounts have not been the subject of a prior disbursement from the Adjustable Rate Capitalized Payments Account or the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder.

On the Business Day immediately following the Series 2017 Closing Date, the Trustee shall transfer the amount remaining in the Series 2014 A Capitalized Interest Account to the Fixed Rate Interest Account.

(c) On each day on which amounts representing a draw on a Letter of Credit pursuant to the Indenture to pay interest on Adjustable Rate Bonds is paid by the Bank issuing the Letter of Credit securing payment of such Adjustable Rate Bonds, the Trustee shall withdraw and apply amounts in the Adjustable Rate Interest Account to reimburse such Bank for such draw. Notwithstanding the foregoing, the Trustee shall withdraw and so apply such amounts only to the extent that such Bank is not reimbursed for such draw pursuant to subsection (b) above. In the event that the amount in the Adjustable Rate Interest Account is not sufficient to so reimburse such Bank for any such draw on the Letter of Credit, the Trustee shall immediately notify such Bank in writing of such insufficiency. In the event that on any day the amount in the Adjustable Rate Interest Account is not sufficient to so reimburse all of the Banks for such draws on their Letters of Credit, the Trustee shall reimburse each such Bank pro rata based on the amount of the draw on each such Bank's Letter of Credit. If a Bank fails to honor any such draw on its Letter of Credit, the Trustee shall withdraw from the Adjustable Rate Interest Account for payment to the Owners of the Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, the interest then due and payable on such Adjustable Rate Bonds.

On each Interest Payment Date on which interest is due and payable on Bank Bonds, after having made any payments required to be made pursuant to the preceding paragraph, the Trustee shall withdraw and apply amounts in the Adjustable Rate Interest Account to pay such interest. Notwithstanding the foregoing, the Trustee shall withdraw and so apply such amounts only to the extent that such interest is not paid pursuant to subsection (b) above. In the event that the amount in the Adjustable Rate Interest Account is not sufficient to pay such interest on Bank Bonds registered in the name of a Bank or its nominee, the Trustee shall immediately notify such Bank in writing of such insufficiency. In the event that on any Interest Payment Date on which interest is due and payable on Bank Bonds registered in the name of two or more Banks or their respective nominees, the amount in the Adjustable Rate Interest Account is not sufficient to pay all of such interest, the Trustee shall pay such interest pro rata based on the principal amount of the Bank Bonds registered in the name of each such Bank or its nominee.

(d) On each day on which amounts representing a draw on a Letter of Credit pursuant to the Indenture to pay principal of the Adjustable Rate Bonds, whether at maturity or redemption, is paid by the Bank issuing the Letter of Credit securing payment of such Adjustable Rate Bonds, the Trustee shall withdraw and apply amounts in the Adjustable Rate Principal Account to reimburse such Bank for such draw. In the event that the amount in the Adjustable Rate Principal Account is not sufficient to so reimburse such Bank for any such draw on its Letter of Credit, the Trustee shall immediately notify such Bank in writing of such insufficiency. In the event that on any day the amount in the Adjustable Rate Interest Account is not sufficient to so reimburse all of the Banks for such draws on their Letters of Credit, the Trustee shall reimburse each such Bank pro rata based on the amount of the draw on each such Bank's Letter of Credit. If a Bank fails to honor any such draw on its Letter of Credit, the Trustee shall withdraw from the Adjustable Rate Principal Account for payment to the Owners of the Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, the principal of such Adjustable Rate Bonds then due and payable.

(e) The Trustee shall deposit in the Adjustable Rate Redemption Account amounts required to be deposited therein pursuant to the provisions under the heading "Special Tax Fund; Prepayments," amounts required to be deposited therein pursuant to the provisions under the heading "Prepaid Installment Payments," amounts received from the Community Facilities District in connection with the Community Facilities District's exercise of its rights to optionally redeem Adjustable Rate Bonds pursuant to the Indenture and any other amounts required to be deposited therein pursuant to the Indenture or pursuant to any Supplemental Indenture. Such amounts shall be disbursed from the Adjustable Rate Redemption Account for the payment of the Redemption Price of Adjustable Rate Bonds redeemed pursuant to the provisions under the heading "Mandatory redemption from Special Tax Prepayments," for the payment of the Redemption Price of Adjustable Rate Bonds redeemed pursuant to the provisions under the heading "Mandatory Redemption from Installment Payment Prepayments," for the payment of the Redemption Price of Adjustable Rate Bonds redeemed pursuant to the provisions under the heading "Optional Redemption" and for the payment of the Redemption Price of Additional Adjustable Rate Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Adjustable Rate Bonds are issued.

Letter of Credit Fund. The Trustee shall establish and maintain a special fund designated the "Letter of Credit Fund," in which the Community Facilities District shall have no right, title or interest and the moneys in which shall be held exclusively for the Owners of the Adjustable Rate Bonds and paid over in accordance with the provision of the Indenture. Within the Letter of Credit Fund, the Trustee shall establish and maintain a separate account for each Series of Adjustable Rate Bonds designated the "Letter of Credit Account," which account may have such further designation as may be appropriate to distinguish such account from each other such account established pursuant to the Indenture; provided, however, that, if the payment of Adjustable Rate Bonds of two or more Series is secured by the same Letter of Credit, the Trustee shall establish only one Letter of Credit Account for all of such Series of Adjustable Rate Bonds. The Trustee shall deposit the proceeds of draws on the Letter of Credit securing payment of a Series of

Adjustable Rate Bonds made pursuant to subsections (a) and (b) of the section under the heading “Letter of Credit; Alternate Letter of Credit” in the Letter of Credit Account established pursuant to the Indenture for such Series of Adjustable Rate Bonds. When the Letter of Credit securing payment of a Series of Adjustable Rate Bonds is in effect, money in the Letter of Credit Account established pursuant to the Indenture for such Series of Adjustable Rate Bonds shall be withdrawn by the Trustee on each Interest Payment Date, each Principal Payment Date and each Redemption Date and used to pay the interest on and principal of such Adjustable Rate Bonds, whether at maturity or redemption.

Series 2020 Rebate Fund. (a) The Trustee shall establish and maintain a special fund designated the “Series 2020 Rebate Fund.” There shall be deposited in the Series 2020 Rebate Fund such amounts as are required to be deposited therein pursuant to the Series 2020 Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Series 2020 Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Series 2020 Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Series 2020 Bonds pursuant to the Indenture or anything to the contrary contained in the Indenture, all amounts required to be deposited into or on deposit in the Series 2020 Rebate Fund shall be governed exclusively by the provisions summarized in this paragraph and by the Series 2020 Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Series 2020 Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District’s determinations, calculations and certifications required by the Series 2020 Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District’s calculations.

(b) Any funds remaining in the Series 2020 Rebate Fund after payment in full of all of the Series 2020 Bonds and after payment of any amounts described in the preceding paragraph, shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

Administrative Expense Fund. (a) The Trustee shall establish and maintain a special fund designated the “Administrative Expense Fund.” Within the Administrative Expense Fund, the Trustee shall establish and maintain a separate account designated the “Fixed Rate Administrative Expense Account” and a separate account designated the “Adjustable Rate Administrative Expense Account.”

(b) The Trustee shall deposit in the Fixed Rate Administrative Expense Account the amounts transferred from the Tax Roll Revenue Account and required to be deposited therein pursuant to the Indenture.

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

(c) The Trustee shall deposit in the Adjustable Rate Administrative Expense Account the amounts transferred from the Direct Bill Revenue Account and required to be deposited therein pursuant to the section under the heading “Direct Bill Revenue Account.”

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

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts (other than the Letter of Credit Fund, the Letter of Credit Purchase Account and the Remarketing Proceeds Account) established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Community Facilities District received no later than two Business Days prior to the making of such investment; provided, however, that moneys in the Adjustable Rate Redemption Account shall be invested only in Permitted Investments described in paragraphs (1) or (2) of the definition thereof which mature not later than 30 days from the date of purchase or on the applicable Redemption Date, whichever first occurs. Moneys in the Letter of Credit Fund, the Letter of Credit Purchase Account and the Remarketing Proceeds Account shall be held uninvested and not commingled with any other funds held under the Indenture. Moneys in all funds and accounts (other than the Letter of Credit Fund, the Letter of Credit Purchase Account and the Remarketing Proceeds Account) shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that Permitted Investments in which moneys in the Fixed Rate Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Fixed Rate Bonds; and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Fixed Rate Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Fixed Rate Bonds. Absent a timely Written Request of the Community Facilities District with respect to investment of moneys in any of the funds or accounts established pursuant to the Indenture, the Trustee shall invest such moneys in Permitted Investments described in paragraph (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Community Facilities District specifying a specific money market fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Written Request is so received, the Trustee shall hold such moneys uninvested.

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

Permitted Investments acquired as an investment of moneys in any fund or account established under the Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof (without regard to costs incurred in the acquisition or disposition thereof, including breakage, unwind or other similar fees), such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture.

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

Certain Covenants of the Community Facilities District

Collection of Special Taxes. (a) The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

(b) The Community Facilities District shall fix and levy the amount of Special Taxes within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the amount of the Special Tax that may be levied, in an amount sufficient to yield not less than the amount required for the purposes of the Indenture, taking into account the balances in the funds and accounts established thereunder.

(c) The Special Taxes levied in each Fiscal Year on Tax Roll Property shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

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

Notwithstanding the foregoing, if the Board of Education so determines, the Special Taxes levied in each Fiscal Year on Apartment Property shall be payable and be collected by means of direct billing of the owners of such property, which Special Taxes shall be collected at the same time as the general taxes on real property are payable; provided, however, that, the collection of Special Taxes levied on Apartment Property by means of direct billing shall not result in such property being categorized as Direct Bill Property for purposes of the Indenture but, rather, such property shall remain Tax Roll Property for purposes of the Indenture.

(d) The Special Taxes levied in each Fiscal Year on Direct Bill Property shall be payable and be collected by means of direct billing of the owners of such property. Such Special Taxes shall have the same priority and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property. The Community Facilities District shall effect the levy of the Special Taxes on Direct Bill Property each Fiscal Year in accordance with the Ordinance Levying Special Taxes.

So long as any Adjustable Rate Bonds are Outstanding, the Special Taxes on Direct Bill Property shall be due and payable five Business Days after each Interest Payment Date, each Principal Payment Date and each Term Out Redemption Date for Adjustable Rate Bonds. So long as any Adjustable Rate Bonds are Outstanding, no later than one Business Day prior to each Interest Payment Date, each Principal Payment Date and each Term Out Redemption Date for Adjustable Rate Bonds, the Trustee, as agent of the Community Facilities District, shall notify the Developer telephonically, which shall be promptly confirmed in writing, of the aggregate amount of the Special Taxes on Direct Bill Property that will be due and payable five Business Days after such Interest Payment Date, Principal Payment Date or Term Out Redemption Date. If the Trustee receives from the Developer, no later than 10:00 A.M. on such Interest Payment Date, Principal Payment Date or Term Out Redemption Date, a payment in immediately available funds in an amount equal to such aggregate amount of Special Taxes, together with an instruction from the Developer that such payment is to be applied in payment of such aggregate amount of Special Taxes, such payment shall be so applied, the obligation of the owners of the respective parcels of Direct Bill Property to pay such Special Taxes shall be satisfied and no bills for such Special Taxes shall be sent to such owners. If such payment is not received from the Developer by such time, the Trustee shall immediately notify the Community Facilities District. The Trustee shall, with the assistance of the Community Facilities District, prepare a bill for the Special Taxes payable with respect to each parcel of Direct Bill Property and shall send such bill to the owner of such parcel. The ownership and billing address for each such parcel shall be ascertained from the records of the County Assessor. Said bills shall be sent no later than the second Business Day following such Interest Payment Date, Principal Payment Date or Term Out Redemption Date, and each such bill shall state the amount payable, that such amount is due and payable on the date five Business Days after such Interest Payment Date, Principal Payment Date or Term Out Redemption Date and that, if such amount is not paid by such date, penalties and interest will begin to accrue.

If, during a Fiscal Year, all remaining Outstanding Adjustable Rate Bonds are paid, redeemed or amended so that no Adjustable Rate Bonds are any longer Outstanding, the Special Taxes on Direct Bill Property shall, for the remainder of such Fiscal Year, be due and payable five Business Days after the December 10 and April 10 occurring in such Fiscal Year after the date that no Adjustable Rate Bonds are any longer Outstanding. If, during a Fiscal Year, all remaining Outstanding Adjustable Rate Bonds are paid, redeemed or amended so that no Adjustable Rate Bonds are any longer Outstanding, no later than one Business Day prior to the December 10 and April 10 occurring in such Fiscal Year after the date that no Adjustable Rate Bonds are any longer Outstanding, the Trustee, as agent for the Community Facilities District, shall notify the Developer telephonically, which shall be promptly confirmed in writing, of the aggregate amount of the Special Taxes on Direct Bill Property that will be due and payable five Business Days after such December 10 or April 10, as applicable. If the Trustee receives from the Developer, no later than 10:00 A.M. on such December 10 or April 10, as applicable, a payment in immediately available funds in an amount equal to such aggregate amount of Special Taxes, together with an instruction from the

Developer that such payment is to be applied in payment of such aggregate amount of Special Taxes, such payment shall be so applied, the obligation of the owners of the respective parcels of Direct Bill Property to pay such Special Taxes shall be satisfied and no bills for such Special Taxes shall be sent to such owners. If such payment is not received from the Developer by such time, the Trustee shall immediately notify the Community Facilities District. The Trustee shall, with the assistance of the Community Facilities District, prepare a bill for the Special Taxes payable with respect to each parcel of Direct Bill Property and shall send such bill to the owner of such parcel. The ownership and billing address for each such parcel shall be ascertained from the records of the County Assessor. Said bills shall be sent no later than the second Business Day following such December 10 or April 10, as applicable, and each such bill shall state the amount payable, that such amount is due and payable on the date five Business Days after such December 10 or April 10, as applicable and that, if such amount is not paid by such date, penalties and interest will begin to accrue.

Foreclosure. The Community Facilities District shall determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes. If such delinquencies in the payment of Special Taxes levied on Tax Roll Property exist, the Community Facilities District shall order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any such Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of such foreclosure proceedings if (a) the total Special Tax delinquency for Tax Roll Property for such Fiscal Year is less than 5% of the total Special Taxes levied on Tax Roll Property in such Fiscal Year, and (b) the amount then on deposit in the Fixed Rate Reserve Fund is at least equal to the Reserve Requirement and, provided, further, that, notwithstanding the foregoing, if the Community Facilities District determines that any single property owner is delinquent in excess of \$5,000 in the payment of Special Taxes levied on Tax Roll Property, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner. If any owner of Direct Bill Property is delinquent in the payment of Special Taxes that have been direct billed pursuant to the Indenture, then the Community Facilities District shall, no later than 60 days after such Special Taxes became delinquent, diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Compliance with Installment Purchase Agreement; Enforcement Thereof. The Community Facilities District shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by it. The Community Facilities District shall cause CFD No. 08-1 to comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by it.

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

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

Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims

for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. No provisions summarized in this paragraph shall be deemed to limit the right of the Community Facilities District to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

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

Tax Covenants (Series 2020 Bonds). (a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2020 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Series 2020 Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive payment in full or defeasance of the Bonds.

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

(c) Notwithstanding any provisions of the Indenture, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under the tax covenants of the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2020 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the tax covenants of the Indenture and of the Series 2020 Tax Certificate, and the covenants under the Indenture shall be deemed to be modified to that extent.

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

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

Continuing Disclosure Agreement (Series 2020 Bonds). Each of the Community Facilities District and the Trustee shall comply with and carry out all of the provisions of the Series 2020 Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the

Community Facilities District or the Trustee to comply with the Series 2020 Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Series 2020 Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2020 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2020 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2013 and continuing until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

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

Provisions Regarding Installment Purchase Agreement

Assignment. The Community Facilities District transfers, conveys and assigns to the Trustee, for the benefit of the Owners, all of the Community Facilities District's rights, title and interest under the Installment Purchase Agreement (excepting its rights to indemnification thereunder), including the right to receive Installment Payments from CFD No. 08-1 and the right to exercise any remedies provided therein in the event of a default by CFD No. 08-1 thereunder. The Trustee accepts said transfer, conveyance and assignment, solely in its capacity as Trustee, for the benefit of the Owners, subject to the provisions of the Indenture. All Installment Payments shall be paid directly by CFD No. 08-1 to the Trustee, and if received by the Community Facilities District at any time shall be deposited by the Community Facilities District with the Trustee immediately upon the receipt thereof.

Prepaid Installment Payments. Upon the receipt by the Trustee of prepaid Installment Payments, the Trustee shall (i) if Fixed Rate Bonds are Outstanding, after having set aside from such prepaid Installment Payments the portion thereof required pursuant to the following clause (ii) to be deposited in the Fixed Rate Interest Account, deposit the remainder of such prepaid Installment Payments in the Fixed Rate Redemption Account; provided, however, that if the amount to be so deposited is greater than the aggregate principal amount of the Fixed Rate Bonds then Outstanding, an amount equal to such principal amount shall be deposited in the Fixed Rate Redemption Account, which amount so deposited shall be applied to the redemption of Fixed Rate Bonds on the first date on which Fixed Rate Bonds may be redeemed from Special Tax prepayments pursuant to the provisions of the Supplemental Indenture under which such Fixed Rate Bonds are issued, and the remainder shall be deposited in the Adjustable Rate Redemption Account, which amount so deposited shall be applied to the redemption of Adjustable Rate Bonds on the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to the Indenture, (ii) if Fixed Rate Bonds are to be redeemed as described in the preceding clause (i), deposit in the Fixed Rate Interest Account the amount of interest on such Fixed Rate Bonds to accrue to the redemption date thereof, (iii) if no Fixed Rate Bonds are Outstanding, after having set aside from such prepaid Installment Payments the portion thereof required pursuant to the following

clause (iv) to be deposited in the Adjustable Rate Interest Account, deposit the remainder of such prepaid Installment Payments in the Adjustable Rate Redemption Account, which amount so deposited shall be applied to the redemption of Adjustable Rate Bonds on the first date on which such Adjustable Rate Bonds may be redeemed from Special Tax prepayments pursuant to the Indenture, and (iv) if Adjustable Rate Bonds are to be redeemed as described in the preceding clauses (i) or (iii), deposit in the Adjustable Rate Interest Account the amount of interest on such Adjustable Rate Bonds to accrue to the redemption date thereof.

Action on Default Under Installment Purchase Agreement. The Trustee, as assignee of the Community Facilities District, may give notice of an event of default under the Installment Purchase Agreement to CFD No. 08-1, and shall do so if directed in writing to do so by the Owners of not less than 5% of the aggregate principal amount of the Bonds then Outstanding. In each and every case during the continuance of such an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the principal aggregate amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction, shall, upon notice in writing to CFD No. 08-1 (a) exercise any of the remedies granted to the Community Facilities District under the Installment Purchase Agreement, and (b) take whatever action at law or in equity may appear necessary or desirable to enforce its rights pursuant to the Indenture or the Installment Purchase Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture, the Bonds or the Installment Purchase Agreement, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right. Anything to the contrary contained in the Indenture notwithstanding, so long as a Bank is not in default under its Letter of Credit, the Trustee shall not exercise any of the foregoing remedies with respect to Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, without the prior written consent of such Bank, and shall, upon such Bank's offer to the Trustee of reasonable security and indemnity against costs, expenses and liabilities to be incurred by it, exercise such rights in accordance with and at the direction of such Bank.

Modification or Amendment of Installment Purchase Agreement. (a) The Trustee shall not enter into or consent to any modification or amendment of the Installment Purchase Agreement, except as provided in the Indenture.

(b) The Installment Purchase Agreement and the rights and obligations of the Community Facilities District and the Trustee, as assignee thereunder, may be modified or amended from time to time and at any time by an amendment thereto, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank). No such modification or amendment shall (i) extend the time of payment of an Installment Payment, reduce the principal component of an Installment Payment or the rate at which the interest component thereof accrues alter the prepayment provisions thereof, without the consent of the Owner of each Bond affected thereby, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Installment Purchase Agreement prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Installment Purchase Agreement or deprive the Trustee of the pledge contained in, and the lien and security interest created by, the Installment Purchase Agreement, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this subsection without the prior written consent of the Owners of all Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is

continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank).

(c) The Installment Purchase Agreement and the rights and obligations of the Community Facilities District and the Trustee, as assignee thereunder, may also be modified or amended from time to time and at any time by an amendment thereto, which the Community Facilities District and the Trustee may enter into with the consent of each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank), but without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in the Installment Purchase Agreement contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Installment Payments, or to surrender any right or power in the Indenture reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in Installment Purchase Agreement;

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

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

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

Provisions Regarding Insurance

Insurer Expenses. The Community Facilities District shall punctually pay or cause to be paid the Insurer Expenses as and when due, as provided in the Indenture.

Insurer Rights Regarding Accounting Records. The Community Facilities District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Taxes, which records shall be available for inspection by the Insurer at reasonable hours and under reasonable conditions.

Insurer Rights Regarding Installment Purchase Agreement with Respect to Series 2020 Bonds. (a) Anything to the contrary contained in the Indenture notwithstanding, so long as no Insurer Default has occurred and is continuing, the Trustee shall not exercise any of the remedies under the Installment Purchase Agreement with respect to the Series 2020 Bonds without the prior written consent of the Insurer, and shall, upon the Insurer's offer to the Trustee of reasonable security and indemnity against costs, expenses and liabilities to be incurred by it, exercise such rights in accordance with and at the direction of the Insurer.

(b) So long as no Insurer Default has occurred and is continuing, the Community Facilities District shall not amend or modify the Installment Purchase Agreement pursuant to the Indenture without the prior written consent of the Insurer.

Insurer Rights Regarding Foreclosure with Respect to Series 2020 Bonds. If any Event of Default shall occur under the Indenture with respect to the Series 2020 Bonds, and if no Insurer Default shall have occurred and be continuing, then, and in each and every such case during the continuance of such Event of Default, the Trustee, at the written direction of the Insurer, and upon being indemnified to its satisfaction therefor, shall commence foreclosure against any parcels of Tax Roll Property with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

Insurer Rights Regarding Remedies with Respect to Series 2020 Bonds. (a) Anything to the contrary contained in the Indenture notwithstanding, so long as no Insurer Default has occurred and is continuing, the Trustee shall not exercise any of the remedies provided in the Indenture with respect to the Series 2020 Bonds without the prior written consent of the Insurer, and shall, upon the Insurer's offer to the Trustee of reasonable security and indemnity against costs, expenses and liabilities to be incurred by it, exercise such rights in accordance with and at the direction of the Insurer.

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

Insurer Rights Regarding Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Insurer, subject to any determination in such proceedings, shall be restored to its former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Insurer shall continue as though no such proceedings had been taken.

Insurer Rights Regarding Removal and Resignation of Trustee. (a) The Community Facilities District shall give the Insurer at least 30 days' prior written notice of the Community Facilities District's removal of the Trustee initially a party to the Indenture and any successor thereto.

(b) The Trustee shall give the Insurer at least 30 days' prior written notice, by first class mail, postage prepaid, of the Trustee's resignation.

Insurer Rights Regarding Accounting Records. All documents received by the Trustee under the provisions of the Indenture shall be subject during business hours and upon reasonable notice to the inspection of the Insurer and its agents and representatives duly authorized in writing.

Insurer Rights Regarding Preservation and Inspection of Documents. The books of record and account kept by the Trustee pursuant to the Indenture shall be available for inspection by the Insurer during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

Insurer Rights Regarding Supplemental Indentures with Respect to Series 2020 Bonds. (a) The Community Facilities District and the Trustee shall not enter into a Supplemental Indenture pursuant to the Indenture that affects the Series 2020 Bonds unless there has been filed with the Trustee the written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing). The provisions of the Indenture regarding Supplemental Indentures shall not be amended without the consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing).

(b) The Community Facilities District and the Trustee shall not enter into a Supplemental Indenture pursuant to the Indenture that affects the Series 2020 Bonds unless there has been filed with the

Trustee the written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing).

Insurer Rights Regarding Defeasance with Respect to Series 2020 Bonds. (a) No Series 2020 Bond shall be deemed to have been paid pursuant to the Indenture unless (i) all amounts currently due to the Insurer shall have been paid in full, (ii) the Community Facilities District shall have caused to be delivered to the Insurer (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Insurer, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to the Indenture resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Insurer and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Insurer, in form and in substance acceptable to the Insurer, to the effect that such Series 2020 Bond has been paid within the meaning and with the effect expressed in the Indenture, the Indenture has been discharged in respect of such Series 2020 Bond and all agreements, covenants and other obligations of the Community Facilities District under the Indenture as to such Series 2020 Bond have ceased, terminated, become void and been completely discharged and satisfied. Draft copies of such documents shall be provided to the Insurer at least three Business Days prior to the funding of the escrow.

(b) The Community Facilities District shall not exercise any prior optional redemption of Insured Series 2020 Bonds deemed to have been paid pursuant to the Indenture 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 pursuant to which such Insured Series 2020 Bonds are defeased 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 of Insured Series 2020 Bonds there shall be provided to the Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption. The Community Facilities District shall not amend the escrow agreement pursuant to which Insured Series 2020 Bonds are defeased or enter into a forward purchase agreement or other agreement with respect to rights in the defeasance escrow therefor without the prior written consent of the Insurer.

Rights of the Insurer with respect to Series 2020 Insurance Policy and Series 2020 Reserve Policy. (a) The provisions of the Indenture summarized in this section, and the following sections titled, "Payment Procedure under the Series 2020 Insurance Policy" and "Insurer Reporting Requirements" shall control and supersede any conflicting or inconsistent provision in the Indenture so long as no Insurer Default has occurred and is continuing.

(b) In the event of any reorganization or liquidation of the Community Facilities District, the Insurer shall, so long as no Insurer Default shall have occurred and be continuing, have the right to vote in such proceeding on behalf of all Owners of the Insured Series 2020 Bonds.

(c) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an Event of Default under the Indenture, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted under the Indenture to the Owners of the Insured Series 2020 Bonds or the Trustee for the benefit of the Owners of the Insured Series 2020 Bonds. The Trustee shall not waive any default or Event of Default affecting the Insured Series 2020 Bonds without the Insurer's written consent.

(d) Upon the occurrence and continuance of a default or an Event of Default under the Indenture, the Insurer shall be deemed to be the sole Owner of the Insured Series 2020 Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving Supplemental Indentures.

(e) If an Insurer Default shall have occurred and be continuing, then, notwithstanding anything in the Indenture to the contrary (i) if at any time prior to or following such Insurer Default, the Insurer has made payment under the Series 2020 Insurance Policy or Series 2020 Reserve Policy, to the extent of such payment the Insurer shall be treated like any other Owner of the Series 2020 Bonds for all purposes, including giving of consents, and (ii) if the Insurer has not made any payment under the Series 2020 Insurance Policy or Series 2020 Reserve Policy, the Insurer shall have no further consent rights until such Insurer Default is no longer continuing or the Insurer makes a payment under the Series 2020 Insurance Policy or Series 2020 Reserve Policy, in which event, the foregoing clause (i) shall control.

(f) The rights granted to the Insurer under the Indenture to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Series 2020 Insurance Policy and Series 2020 Reserve Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners of the Series 2020 Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether consent of the Owners of the Series 2020 Bonds or any other person is required in addition to consent of the Insurer.

(g) The Insurer shall be entitled to pay principal of or interest on the Insured Series 2020 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Community Facilities District (as such terms are defined in the Series 2020 Insurance Policy), whether or not the Insurer has received a claim upon the Series 2020 Insurance Policy.

(h) The Insurer is explicitly recognized as being a third-party beneficiary under the Indenture and may enforce the provisions of the Indenture as if it were a party to thereto.

(i) From and after the date on which all of the Series 2020 Bonds have been paid in full and all amounts owed to the Insurer under the Indenture have been paid in full, all references to the Insurer, as and where such reference is to the Insurer as insurer of the Series 2020 Insurance Policy or the Series 2020 Reserve Policy, the Series 2020 Insurance Policy and the Series 2020 Reserve Policy contained in the Indenture shall be null and void and of no force and effect.

Payment Procedure Under the Series 2020 Insurance Policy. (a) In the event that on the second Business Day prior to any payment date on the Insured Series 2020 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Series 2020 Bonds due on such payment date, the Trustee shall immediately notify the 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 Trustee shall so notify the Insurer or its designee.

(b) If the Trustee has notice that any Owner of an Insured Series 2020 Bond has been required to disgorge payments of principal of or interest on such Insured Series 2020 Bond pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, then the Trustee shall notify the 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 Insurer.

(c) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured Series 2020 Bonds as follows:

(i) if there is a deficiency in amounts required to pay interest on any Insured Series 2020 Bond, the Trustee shall (A) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for the Owner of such Insured Series 2020 Bond in any legal proceeding related to the payment of such interest and assignment to the Insurer of the claims for interest on such Insured Series 2020 Bond, (B) receive as designee of such Owner in accordance with the tenor of the Series 2020 Insurance Policy payment from the Insurer with respect to the claims for interest so assigned, and (C) disburse the same to such Owner; and

(ii) if there is a deficiency in amounts required to pay principal of any Insured Series 2020 Bond, the Trustee shall (A) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for the Owner of such Insured Series 2020 Bond in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Insured Series 2020 Bonds surrendered to the Insurer, (B) receive as designee of such Owner in accordance with the tenor of the Series 2020 Insurance Policy payment therefor from the Insurer, and (C) disburse the same to such Owner.

(d) The Trustee shall designate any portion of payment of principal of any Insured Series 2020 Bond paid by the Insurer on its books as a reduction in the principal amount of such Insured Series 2020 Bond registered to the then current Owner thereof, whether the Depository or its Nominee or otherwise, and shall issue a replacement Insured Series 2020 Bond to the Insurer, registered in the name directed by the Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided, however, that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2020 Bond shall have no effect on the amount of principal or interest payable by the Community Facilities District on any Insured Series 2020 Bond or the subrogation or assignment rights of the Insurer.

(e) Payments with respect to claims for principal of or interest on an Insured Series 2020 Bond disbursed by the Trustee from proceeds of the Series 2020 Insurance Policy shall not be considered to discharge the obligation of the Community Facilities District with respect to such Insured Series 2020 Bond, and the Insurer shall become the Owner of such unpaid Insured Series 2020 Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the Indenture summarized in this section or otherwise. Irrespective of whether any such assignment is executed and delivered, the Community Facilities District and Trustee agree for the benefit of the Insurer that:

(i) they recognize that to the extent the Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on an Insured Series 2020 Bond, the Insurer will be subrogated to the rights of the Owner thereof to receive the amount of such principal and interest from the Community Facilities District, with interest thereon, as provided and solely from the sources provided in the Indenture; and

(ii) they will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon as provided in the Indenture, but only from the sources and in the manner provided in the Indenture for the payment of principal of and interest on the Insured Series 2020 Bonds to Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(f) Notwithstanding anything to the contrary otherwise set forth in the Indenture, and to the extent permitted by law, in the event amounts paid under the Series 2020 Insurance Policy are applied to claims for payment of principal of, or interest on, the Insured Series 2020 Bonds, interest on such principal of, and interest on, such Insured Series 2020 Bonds shall accrue and be payable from the date of such payment at the Series 2020 Insurer Rate.

(g) In the event that principal of or interest on an Insured Series 2020 Bond shall be paid by the Insurer pursuant to the terms of the Series 2020 Insurance Policy, such Insured Series 2020 Bond shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Community Facilities District, the pledge of the assets contained in the Indenture and all covenants, agreements and other obligations of the Community Facilities District to the Owner of such Insured Series 2020 Bond shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall, to the extent permitted by law, be subrogated to the rights of such Owner of such Insured Series 2020 Bond, including, without limitation, any rights that such Owner may have in respect of securities law violations arising from the offer and sale of such Insured Series 2020 Bond.

(h) So long as a default or Event of Default has occurred and is continuing under the Indenture with respect to the Insured Series 2020 Bonds, the Community Facilities District shall not be eligible for a dividend or any other economic benefit under the Insurer's organizational documents.

Insurer Reporting Requirements. (a) The Community Facilities District shall provide the Insurer with all notices and other information it is obligated to provide (i) under the Series 2020 Continuing Disclosure Agreement, and (ii) to the Owners of the Insured Series 2020 Bonds or to the Trustee under the Indenture.

(b) The Trustee shall, as soon as practicable after the effective date thereof, provide (i) the Insurer, and (ii) Moody's, if the Insured Series 2020 Bonds are then rated by Moody's, and S&P, if the Insured Series 2020 Bonds are then rated by S&P, with copies of any Supplemental Indenture.

Events of Default; Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under the Indenture:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise; provided, however, that any such failure with respect to Adjustable Rate Bonds shall not constitute an Event of Default with respect to Fixed Rate Bonds and any such failure with respect to Fixed Rate Bonds shall not constitute an Event of Default with respect to Adjustable Rate Bonds;

(b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable; provided, however, that any such failure with respect to Adjustable Rate Bonds shall not constitute an Event of Default with respect to Fixed Rate Bonds and any such failure with respect to Fixed Rate Bonds shall not constitute an Event of Default with respect to Adjustable Rate Bonds;

(c) failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, a Bank or the Insurer, or to the Community Facilities District by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that (i) each Bank,

the Letter of Credit of which secures the payment of Adjustable Rate Bonds owned by any of such Owners shall have consented in writing to any such written notice from such Owners, (ii) so long as no Insurer Default shall have occurred and be continuing, the Insurer shall have consented in writing to any such written request from an Owner of Series 2017 Bonds, (iii) so long as no Insurer Default shall have occurred and be continuing, the Insurer shall have consented in writing to any such written request from an Owner of Series 2018 Bonds, (iv) so long as no Insurer Default shall have occurred and be continuing, the Insurer shall have consented in writing to any such written request from an Owner of Series 2019 Bonds, (v) so long as no Insurer Default shall have occurred and be continuing, the Insurer shall have consented in writing to any such written request from an Owner of Series 2020 Bonds, and (vi) if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 30 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time;

(d) with respect only to Adjustable Rate Bonds of a Series, receipt by the Trustee of notice from the Bank issuing the Letter of Credit securing payment of the Adjustable Rate Bonds of such Series that an event of default under the Reimbursement Agreement pursuant to which such Letter of Credit is issued shall have occurred and be continuing; or

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

No Acceleration; Foreclosure. The principal of the Bonds shall not be subject to acceleration under the Indenture.

If any Event of Default shall occur under subsection (a) or (b) of the section under the heading "Events of Default" with respect to Fixed Rate Bonds then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Fixed Rate Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of Tax Roll Property with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

If any Event of Default shall occur under subsection (a), (b) or (d) of the section under the heading "Events of Default" then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of a Bank, the Letter of Credit of which secures payment of such Adjustable Rate Bonds and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

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

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

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

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

Banks' Right Regarding Remedies. Anything to the contrary contained in the Indenture notwithstanding, so long as a Bank is not in default under its Letter of Credit, the Trustee shall not exercise any of the foregoing remedies with respect to Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, without the prior written consent of such Bank, and shall, upon such Bank's offer to the Trustee of reasonable security and indemnity against costs, expenses and liabilities to be incurred by it, exercise such rights in accordance with and at the direction of such Bank.

Remedies Not Exclusive. No remedy conferred upon in the Indenture or reserved to the Trustee, to the Owners of the Bonds or to the Banks is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Application of Amounts After Default. (a) If an Event of Default with respect to the Fixed Rate Bonds shall occur and be continuing, all Net Tax Roll Revenues and any moneys in respect of or as a consequence of such Event of Default thereafter received by the Trustee shall be applied by the Trustee as follows and in the following order:

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

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

First: to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

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

(iii) any remaining funds shall be transferred by the Trustee, first, to the extent not included in paragraph (ii), above, to the payment of all amounts then due to the Insurer and to any issuer of a Reserve Facility and, second, to the Tax Roll Revenue Account.

(b) If an Event of Default with respect to the Adjustable Rate Bonds shall occur and be continuing, all Net Adjustable Rate Revenues and any moneys in respect of or as a consequence of such

Event of Default thereafter received by the Trustee shall be applied by the Trustee as follows and in the following order:

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

(ii) to the payment of the principal of and interest then due with respect to the Adjustable Rate Bonds (upon presentation of the Adjustable Rate Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows: First: to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and Second: to the payment to the Persons entitled thereto of the unpaid principal of any Adjustable Rate Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Adjustable Rate Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all of the Adjustable Rate Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference;

(iii) to each Bank to the extent that amounts are owed to such Bank on account of draws under its Letter of Credit or otherwise under the Reimbursement Agreement pursuant to which such Letter of Credit is issued; and

(iv) any remaining funds shall be transferred by the Trustee to the Direct Bill Revenue Account.

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

Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, but subject to the provisions of the Indenture described under the heading "Bank's Right Regarding Remedies" and "Bank Deemed Owner," the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided, however, that such direction shall not be otherwise than in accordance with the provisions of the Indenture, the Act and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a

majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners, subject to the provisions thereof.

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

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

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

The Trustee; Remarketing Agent

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

Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party to the Indenture and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any

state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

(c) The Trustee may at any time resign by giving at least 30 days' prior written notice of such resignation by first class mail, postage prepaid, to the Community Facilities District, to the Banks and to the Remarketing Agents, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) above, the Trustee shall resign immediately in the manner and with the effect specified in this section ("Qualifications; Removal and Resignation; Successors").

(d) Upon removal or resignation of the Trustee, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and the transfer to such successor Trustee of each Letter of Credit in accordance with the terms thereof regarding transfer; provided, however, that any successor Trustee shall be qualified as provided in subsection (a) above. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee, any Bank or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Community Facilities District or the request of a Bank (so long as such Bank is not in default of its obligation to honor a draw on its Letter of Credit) or the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee

shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the Registration Books, to each rating agency which then maintains a rating on the Bonds, to the Banks and to the Remarketing Agents.

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

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

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

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

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

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

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

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

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

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate

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

(j) The Trustee shall be under no responsibility or duty with respect to the application of any moneys paid to the Community Facilities District or others in accordance with the Indenture, except as to the application of any moneys paid to it in its capacity as Trustee.

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

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

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

Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, resolution, request, requisition, facsimile, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Each statement of facts contained in a Written Request of the Community Facilities District or a Written Certificate of the Community Facilities District shall be sufficient evidence to the Trustee of the facts so stated and the Trustee shall have no duty to confirm the accuracy of such facts.

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

(c) The Trustee may consult with counsel, who may be counsel to the Community Facilities District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Tax Roll Revenues and the Direct Bill Revenues received by it and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Community Facilities District and the Banks during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the funds and accounts it holds under the

Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

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

Compensation and Indemnification. The Community Facilities District shall pay to the Trustee from time to time from Tax Roll Revenues and Direct Bill Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture. The Community Facilities District shall, to the extent permitted by law, from Tax Roll Revenues and Direct Bill Revenues, indemnify and save the Trustee harmless against any costs, claims, expenses, including legal fees and expenses, and liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Community Facilities District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of the Indenture.

Appointment of Remarketing Agent. In accordance with the Indenture, the Community Facilities District appoints U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association to remarket the Series 2016 A Bonds pursuant to the Indenture, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Banks, the Community Facilities District and the Trustee at all reasonable times, and to give telegraphic or telephonic notice, promptly confirmed by a written notice, to the Trustee (who shall then promptly notify the Banks), specifying (i) the principal amount of such Series 2016 A Bonds, if any, remarketed by it as provided in the Indenture, and (ii) the interest rates on the remarketed Series 2016 A Bonds as determined pursuant to and in accordance with the Indenture.

(b) In connection with the issuance of each Series of Adjustable Rate Bonds, the Community Facilities District shall appoint a Remarketing Agent to remarket Adjustable Rate Bonds pursuant to the Indenture, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Banks, the Community Facilities District and the Trustee at all reasonable times, and to give telegraphic or telephonic notice, promptly confirmed by a written notice, to the Trustee (who shall then promptly notify the Banks), specifying (i) the principal amount of Adjustable Rate Bonds of such Series, if any, remarketed by it as provided in the Indenture, and (ii) the interest rates on the remarketed Adjustable Rate Bonds of such Series as determined pursuant to and in accordance with the Indenture. Any such Remarketing Agent shall be selected by the Community Facilities District and shall be a member of the National Association of Securities Dealers, Inc. or shall be subject to supervision by the Comptroller of the Currency or a member of the Federal Reserve System, shall have a capitalization of at least \$15,000,000, and shall be authorized by law to perform all the duties set forth in the Indenture.

(c) Any Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 60 days' notice to the Bank or Banks, the Letter of Credit or Letters of Credit of which secure the payment of the Adjustable Rate Bonds for which such Remarketing Agent acts as Remarketing Agent, the Community Facilities District and the Trustee. Any Remarketing Agent may be removed at any time, at the direction of the Community Facilities District, by an instrument filed with such Remarketing Agent and the Trustee. Any successor Remarketing Agent shall

be selected by the Community Facilities District and shall be a member of the Financial Industry Regulatory Authority or shall be subject to supervision by the Comptroller of the Currency or a member of the Federal Reserve System, shall have a capitalization of at least \$15,000,000, and shall be authorized by law to perform all the duties set forth in the Indenture. When a Bank's Letter of Credit is in effect or such Bank is owed any amounts under the Reimbursement Agreement pursuant to which such Letter of Credit is issued and so long as such Bank is not in default of its obligation to honor a draw on such Letter of Credit, the Community Facilities District shall obtain such Bank's written consent to the appointment of a successor Remarketing Agent for the Adjustable Rate Bonds, the payment of which is secured by such Letter of Credit, which consent shall not be unreasonably withheld, and shall obtain such Bank's written approval of the Remarketing Agreement to which such successor Remarketing Agent is to be a party, which approval shall not be unreasonably withheld. No resignation or removal of a Remarketing Agent shall be effective until a successor Remarketing Agent shall have been appointed and accepted the duties and obligations created by the Indenture in accordance with the Indenture. The Community Facilities District's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of the Indenture, and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of the Indenture.

Successor Remarketing Agent by Merger. If a Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor to such Remarketing Agent, but only if such successor meets the eligibility requirements of the provisions under the heading "Appointment of Remarketing Agents."

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners under the Indenture may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the under the heading "Evidence of Rights of Owners," and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank). No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Indenture, except as expressly provided in the Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this subsection without the prior written consent of the Owners of all Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture under the heading "Evidence of Rights of Owners," and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank).

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

(c) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners of the Adjustable Rate Bonds under the Indenture, but only as such rights and obligations relate solely to the Adjustable Rate Bonds, may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Adjustable Rate Bonds then Outstanding, exclusive of Adjustable Rate Bonds disqualified as provided in the Indenture under the heading "Evidence of Rights of Owners," and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank). No such modification or amendment shall (i) extend the fixed maturity of any Adjustable Rate Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Adjustable Rate Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the Adjustable Rate Bonds of the pledge to the Owners of the Adjustable Rate Bonds contained in, and the lien and security interest with respect thereto created by, the Indenture, except as expressly provided in the Indenture, without the consent of the Owners of all of the Adjustable Rate Bonds then Outstanding, or (iii) modify or amend this subsection without the prior written consent of the Owners of all Adjustable Rate Bonds then Outstanding, exclusive of Adjustable Rate Bonds disqualified as provided in the Indenture under the heading "Evidence of Rights of Owners," and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank).

(d) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners of the Adjustable Rate Bonds of a Series under the Indenture, but only as such rights and obligations relate solely to the Adjustable Rate Bonds of such Series, may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the

Owners of a majority of the aggregate principal amount of the Adjustable Rate Bonds of such Series then Outstanding, exclusive of Adjustable Rate Bonds of such Series disqualified as provided in the Indenture under the heading “Evidence of Rights of Owners,” and the Bank, the Letter of Credit of which secures the payment of the Adjustable Rate Bonds of such Series (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank). No such modification or amendment shall (i) extend the fixed maturity of any Adjustable Rate Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Adjustable Rate Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the Adjustable Rate Bonds of the pledge to the Owners of the Adjustable Rate Bonds contained in, and the lien and security interest with respect thereto created by, the Indenture, except as expressly provided in the Indenture, without the consent of the Owners of all of the Adjustable Rate Bonds then Outstanding, or (iii) modify or amend this subsection without the prior written consent of the Owners of all Adjustable Rate Bonds then Outstanding, exclusive of Adjustable Rate Bonds disqualified as provided in the Indenture under the heading “Evidence of Rights of Owners,” and each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank).

(e) Upon a Change in Mode for all or a portion of Adjustable Rate Bonds, the payment of all of which is secured by the same Letter of Credit, the Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners of such Adjustable Rate Bonds under the Indenture, but only as such rights and obligations relate solely to such Adjustable Rate Bonds, may be modified or amended from time to time and at any time by a Supplemental Indenture that becomes effective on the effective date of such Change in Mode, which the Community Facilities District and the Trustee may enter into with the consent of the Bank issuing such Letter of Credit (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank), but without the consent of any Owners, but only if such Adjustable Rate Bonds have been remarketed and sold in accordance with the provisions of the Indenture on such date with such modified or amended rights or obligations.

(f) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners under the Indenture of all or a portion of the Adjustable Rate Bonds, but only as such rights and obligations relate solely to such Adjustable Rate Bonds, may be modified or amended from time to time and at any time by a Supplemental Indenture, if the effective date of such Supplemental Indenture is a date on which such Adjustable Rate Bonds are subject to mandatory tender for purchase pursuant to the Indenture under the heading “Mandatory Purchase on Mandatory Purchase Dates” or if notice by mail of the proposed Supplemental Indenture is given to the Owners of such Adjustable Rate Bonds at least 30 days before the effective date thereof and, on or before such effective date, such Owners have the right to demand purchase of their Adjustable Rate Bonds pursuant to the provisions under the heading “Mandatory Purchase on Mandatory Purchase Dates,” which the Community Facilities District and the Trustee may enter into with the consent of each Bank, the Letter of Credit of which secures the payment of any such Adjustable Rate Bonds (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing,

the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank), but without the consent of any Owners.

(g) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners under the Indenture may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into with the consent of each Bank (so long as such Bank is not in default in its obligation to honor a draw under its Letter of Credit; provided, however, that, even if a such a default has occurred and is continuing, the prior written consent of such Bank shall be required to the extent any such modification or amendment affects any repayment or reimbursement right of such Bank), but without the consent of any Owners for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

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

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

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

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

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

(i) to provide for the issuance of one or more Series of Additional Fixed Rate Bonds, and to provide the terms and conditions under which such Series of Additional Fixed Rate Bonds may be issued, subject to and in accordance with the provisions of the Indenture under the heading "Issuance of Series 2012 Bonds; Application of Proceeds; Additional Bonds; Amended Fixed Rate Bonds;" and

(ii) to amend Adjustable Rate Bonds to become Fixed Rate Bonds, subject to and in accordance with the provisions of the Indenture under the heading "Amended Fixed Rate Bonds."

(i) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first-class mail, postage prepaid, setting forth in general terms the

substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(j) Each Bank shall be provided with a full original transcript of all proceedings relating to each Supplemental Indenture entered into pursuant to the Indenture.

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

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

Amendment of Particular Bonds. The provisions of the Indenture under the heading "Supplemental Indentures" shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid (a) to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated therein and in the Indenture, and (b) all sums due and payable under each Reimbursement Agreement, as verified to the Trustee in writing by the Bank that is a party to such Reimbursement Agreement, then the Owners shall cease to be entitled to the pledge of the assets provided in the Indenture, and all agreements, covenants and other obligations of the Community Facilities District shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Community Facilities District shall have kept, performed and observed all of the covenants and promises in such Bond and in the Indenture required or contemplated to be kept,

performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the assets provided in the Indenture and all agreements, covenants and other obligations of the Community Facilities District under the Indenture shall cease, terminate become void and be completely discharged and satisfied as to such Bond.

Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture thereof in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, determination of Adjusted Interest Rates, interest with respect to Bank Bonds, the Letters of Credit, tenders and purchases of Adjustable Rate Bonds and the remarketing of Adjustable Rate Bonds, and the duties of the Trustee and the Remarketing Agents in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the Indenture. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Community Facilities District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the Indenture, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (c) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (b) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the Indenture summarized in this section (“Bonds Deemed To Have Been Paid”) and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) above unless (i) if the payment of such Bond is secured by a Letter of Credit, all amounts currently due to the Bank issuing such Letter of Credit shall have been paid in full, (ii) the Community Facilities District shall have caused to be delivered to the Community Facilities District, the Trustee and, if applicable, the Bank, the Letter of Credit of which secures the payment of such Bond (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Community Facilities District, the Trustee and such Bank, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii) of subsection (a) above resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Community Facilities District, the Trustee and such Bank and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of

Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Community Facilities District, the Trustee and such Bank, in form and in substance acceptable to the Community Facilities District, the Trustee and such Bank, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, the Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Community Facilities District under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) Prior to the defeasance of any Adjustable Rate Bonds becoming effective under the Indenture, the Trustee shall have received written confirmation from each Rating Agency then rating such Adjustable Rate Bonds that such defeasance would not, in and of itself, cause such Rating Agency to lower, or suspend its rating of such Adjustable Rate Bonds. The Trustee shall not cause the Letter of Credit securing the payment of such Adjustable Rate Bonds to be terminated, or surrender such Letter of Credit for termination until such Adjustable Rate Bonds are paid in full.

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

Miscellaneous Provisions of the Indenture

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

Limitation of Rights; Third-Party Beneficiaries. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District, the Banks, the Remarketing Agents and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision contained therein or in the Indenture; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District, the Banks, the Remarketing Agents and the Owners of the Bonds. The Banks and the Remarketing Agents are third-party beneficiaries of the Indenture.

Additional Notices to Rating Agencies. For so long as any of the Bonds are in an Adjustable Rate Mode, the Trustee or, in the case of an amendment or modification of a Reimbursement Agreement or a Remarketing Agreement, the Community Facilities District, shall mail to each Rating Agency then rating the Adjustable Rate Bonds a notice of (a) the removal, resignation or replacement of the Trustee or a Remarketing Agent, (b) any amendment or modification to the Indenture, a Letter of Credit, a Reimbursement Agreement or a Remarketing Agreement (including any expiration, extension, substitution or termination of a Letter of Credit), (c) the redemption, defeasance or mandatory purchases of all or a

portion of the Adjustable Rate Bonds, (d) any Change in Mode, and (e) the issuance of Additional Adjustable Rate Bonds.

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

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

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

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

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds (other than a Bank), or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds (other than a Bank), shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Community Facilities District shall specify in a Written Certificate of the Community Facilities District delivered to the Trustee which Bonds, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the Community Facilities District.

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

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate

trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof and the Banks. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations under the Indenture.

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

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

New York Time. Unless otherwise expressly stated, all times referred to in the Indenture shall be New York time.

References Ineffective. Notwithstanding any provisions contained in the Indenture to the contrary, after the expiration or termination of all of the Letters of Credit and after all amounts owed to the Banks pursuant to the Reimbursement Agreements have been paid in full, all references to a Bank, the Banks, a Letter of Credit, the Letters of Credit, a Reimbursement Agreement, the Reimbursement Agreements a Bank Bond or the Bank Bonds contained in the Indenture shall be null and void and of no further force and effect.

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

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

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

INSTALLMENT PURCHASE AGREEMENT

Definitions

Unless the context otherwise requires, the terms defined in below, not already defined above, shall for all purposes of the Installment Purchase Agreement, have the meanings specified in the Installment Purchase Agreement.

“Administrative Expense Fund (08-1)” means the fund by that name established and held by CFD No. 08-1 pursuant to the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Administrative Expense Fund (08-1).”

“Administrative Expenses (08-1)” means any reasonably necessary or appropriate expenses incurred in the administration of CFD No. 08-1 and the Installment Purchase Agreement, including, but not limited to (a) the administrative and legal costs of levying and collecting the CFD No. 08-1 Special Taxes (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of the CFD No. 08-1 Special Taxes), (b) the costs incurred in connection with the disclosure of the CFD No. 08-1 Special Tax to property owners and potential purchasers of property, and (c) an allocable share of the salaries of the School District staff providing services on behalf of CFD No. 08-1 directly related to the foregoing and a proportionate amount of School District general administrative overhead related thereto.

“CFD No. 08-1” means Irvine Unified School District Community Facilities District No. 08-1 (Stonegate Apartments), a community facilities district organized and existing under the laws of the State, and any successor thereto.

“CFD No. 08-1 Assessor’s Parcel” has the meaning ascribed to such term in the CFD No. 08-1 Rate and Method.

“CFD No. 08-1 Maximum Special Tax” has the meaning ascribed to such term in the CFD No. 08-1 Rate and Method.

“CFD No. 08-1 Net Special Tax Revenues” means CFD No. 08-1 Special Tax Revenues, less amounts required to pay Administrative Expenses (08-1).

“CFD No. 08-1 Project” means the public facilities described in the Installment Purchase Agreement.

“CFD No. 08-1 Rate and Method” means the rate and method of apportionment of the CFD No. 08-1 Special Taxes approved by the qualified electors of CFD No. 08-1.

“CFD No. 08-1 Special Tax Fund” means the fund by that name established and held by CFD No. 08-1 pursuant to the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund.”

“CFD No. 08-1 Special Tax Revenues” means the proceeds of the CFD No. 08-1 Special Taxes received by or on behalf of CFD No. 08-1, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the CFD No. 08-1 Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon.

“CFD No. 08-1 Special Taxes” means the special taxes levied within CFD No. 08-1 pursuant to the Act, the CFD No. 08-1 Rate and Method, the Ordinance Levying CFD No. 08-1 Special Taxes and the Installment Purchase Agreement.

“CFD No. 08-1 Taxable Property” has the meaning ascribed to such term in the CFD No. 08-1 Rate and Method.

“Defeasance Securities (08-1)” means non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America.

“Event of Default (08-1)” means an event described in of the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – EVENTS OF DEFAULT AND REMEDIES - Events of Default.”

“Fiscal Year (08-1)” means, with respect to CFD No. 08-1, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year of CFD No. 08-1.

“Improvement Fund (08-1)” means the fund by that name established and held by CFD No. 08-1 pursuant to the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Improvement Fund (08-1).”

“Installment Payment Dates” means January 15 and May 15, commencing May 15, 2012.

“Ordinance Levying CFD No. 08-1 Special Taxes” means any ordinance adopted by the Board of Education levying the CFD No. 08-1 Special Taxes.

“Prepayment Account” means the account by that name within the CFD No. 08-1 Special Tax Fund established and held by CFD No. 08-1 pursuant to the Installment Purchase Agreement as summarized herein under the caption “INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund.”

“Verification Report (08-1)” means, with respect to the deemed payment of Installment Payments pursuant to the Installment Purchase Agreement as summarized herein in subsection (a) under the caption “INSTALLMENT PURCHASE AGREEMENT – DEFEASANCE - Installment Payments Deemed To Have Been Paid,” a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities (08-1) and cash, if any, deposited in connection with such deemed payment satisfy the requirements of the Installment Purchase Agreement as summarized herein in subsection (a) under the caption “INSTALLMENT PURCHASE AGREEMENT – DEFEASANCE - Installment Payments Deemed To Have Been Paid.”

Acquisition, Construction and Installation of the CFD No. 08-1 Project

Acquisition, Construction and Installation of the CFD No. 08-1 Project. The Community Facilities District has agreed under the Installment Purchase Agreement to cause the CFD No. 08-1 Project and has appointed CFD No. 08-1 as its agent for purposes of such acquisition, construction and installation. CFD No. 08-1 shall enter into contracts, or cause contracts to be entered into, and, as agent of the Community Facilities District, provide for the complete acquisition, construction and installation of the CFD No. 08-1 Project. CFD No. 08-1 has agreed under the Installment Purchase Agreement that it will cause the acquisition, construction and installation of the CFD No. 08-1 Project to be diligently performed. The Community Facilities District shall be under no liability of any kind or character whatsoever for the payment of any of the costs of the acquisition, construction and installation of the CFD No. 08-1 Project. In the event such amounts are insufficient to complete the acquisition, construction and installation of the CFD No. 08-1 Project, CFD No. 08-1 shall cause to be applied other legally available funds in an amount equal to that necessary to complete the acquisition, construction and installation of the CFD No. 08-1 Project.

Changes to the CFD No. 08-1 Project. CFD No. 08-1 may make any changes in the composition and description of the CFD No. 08-1 Project or any component thereof whenever CFD No. 08-1 deems such changes to be necessary and appropriate; provided, however, that no such change shall (a) impair the ability of CFD No. 08-1 to make the Installment Payments, (b) cause to be included in the CFD No. 08-1

Project any property not constituting property useful in the performance of CFD No. 08-1's powers, projects and purposes, or (c) cause the CFD No. 08-1 Project or any such component thereof to have an estimated useful life materially shorter than the estimated useful life of the CFD No. 08-1 Project or such component prior to such change. Any such change shall be implemented by CFD No. 08-1's filing with the Community Facilities District a description of such change and, upon such filing, the description of the CFD No. 08-1 Project contained in an exhibit to the Installment Purchase Agreement shall be deemed to have been modified in accordance therewith. No such change shall constitute an amendment, change, modification or alteration of the Installment Purchase Agreement for purposes of the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – AMENDMENT OF INSTALLMENT PURCHASE AGREEMENT - Amendments."

Purchase and Sale of CFD No. 08-1 Project; Payments

Purchase and Sale of CFD No. 08-1 Project. CFD No. 08-1 has agreed under the Installment Purchase Agreement to purchase from the Community Facilities District, and the Community Facilities District and sell to CFD No. 08-1, the CFD No. 08-1 Project in accordance with the provisions of the Installment Purchase Agreement.

Installment Payments. (a) The purchase price to be paid by CFD No. 08-1 to the Community Facilities District for the purchase of the CFD No. 08-1 Project shall be \$12,275,000. CFD No. 08-1 shall pay to the Community Facilities District the purchase price of the CFD No. 08-1 Project in Installment Payments, as provided in the Installment Purchase Agreement. A portion of the Installment Payments shall constitute principal components and a portion of the Installment Payments shall constitute interest components. The interest components of the Installment Payments shall be paid by CFD No. 08-1 as and constitute interest paid on the principal components of the Installment Payments. Subject to earlier prepayment as provided in the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund," the Installment Payments shall be due and payable on the Installment Payment Dates in the amounts set forth in an exhibit attached to the Installment Purchase Agreement and by this reference incorporated in the Installment Purchase Agreement.

(b) The Installment Payments shall be special obligations of CFD No. 08-1, payable, as provided in the Installment Purchase Agreement, solely from CFD No. 08-1 Net Special Tax Revenues and the other assets pledged therefor under the Installment Purchase Agreement.

(c) Each Installment Payment shall be paid in lawful money of the United States of America, in immediately available funds.

Obligation Absolute. (a) Neither the faith and credit nor the taxing power of CFD No. 08-1 (except to the limited extent set forth in the Installment Purchase Agreement), the School District, the Community Facilities District, or the State, or any political subdivision thereof, is pledged to the payment of the Installment Payment or other payments required to be made by CFD No. 08-1 pursuant to the Installment Purchase Agreement.

(b) The obligation of CFD No. 08-1 to make the Installment Payments and other payments required to be made by it pursuant to the Installment Purchase Agreement, solely from the sources and in the manner provided in the Installment Purchase Agreement, is absolute and unconditional, and until such time as the Installment Payments and such other payments shall have been paid in full, CFD No. 08-1 shall not discontinue or suspend any Installment Payment or other payment required to be made by it pursuant to the Installment Purchase Agreement when due, whether or not the CFD No. 08-1 Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or

curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Pledge; Funds; Investments

Pledge. Subject only to the provisions of the Installment Purchase Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Installment Purchase Agreement, in order to secure the payment of the Installment Payment in accordance with the provisions of the Installment Purchase Agreement and the Act, CFD No. 08-1 has pledged as provided in the Installment Purchase Agreement to the Community Facilities District, and granted thereto a lien on and a security interest in, all of the CFD No. 08-1 Net Special Tax Revenues and any other amounts held in the CFD No. 08-1 Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against CFD No. 08-1, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Installment Purchase Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

CFD No. 08-1 Special Tax Fund. (a) CFD No. 08-1 shall establish and maintain a separate fund in its treasury designated the "Special Tax Fund." Within the CFD No. 08-1 Special Tax Fund, CFD No. 08-1 shall establish and maintain a separate account designated the "Prepayment Account." Upon the receipt by CFD No. 08-1 of any CFD No. 08-1 Special Tax Revenues, CFD No. 08-1 shall deposit such CFD No. 08-1 Special Tax Revenues in the CFD No. 08-1 Special Tax Fund; provided, however, that with respect to any prepaid CFD No. 08-1 Special Taxes for a CFD No. 08-1 Assessor's Parcel (i) the portion of such prepaid CFD No. 08-1 Special Taxes equal to the sum of (A) the product of (I) a fraction, the numerator of which is the CFD No. 08-1 Maximum Special Tax for the then current Fiscal Year (08-1) for such CFD No. 08-1 Assessor's Parcel and the denominator of which is the aggregate of the CFD No. 08-1 Maximum Special Taxes for such Fiscal Year (08-1) for all CFD No. 08-1 Assessor's Parcels of CFD No. 08-1 Taxable Property, times (II) the aggregate principal components of the Installment Payments scheduled, pursuant to the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PURCHASE AND SALE OF CFD NO. 08-1 PROJECT; PAYMENTS - Installment Payments," to be paid on or after the first date on which Installment Payments may be prepaid from CFD No. 08-1 Special Tax prepayments pursuant to the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PREPAYMENT; TERMINATION - Mandatory Prepayment from Special Tax Prepayments," plus (B) the interest components of such Installment Payments accruing from the immediately preceding Installment Payment Date to such first date on which Installment Payments may be prepaid from CFD No. 08-1 Special Tax prepayments pursuant to the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PREPAYMENT; TERMINATION - Mandatory Prepayment from Special Tax Prepayments," shall be deposited by CFD No. 08-1 in the Prepayment Account, and (ii) the remainder of such prepaid CFD No. 08-1 Special Taxes shall be deposited by CFD No. 08-1 in the Improvement Fund (08-1).

(b) CFD No. 08-1 may, from time to time, transfer from the CFD No. 08-1 Special Tax Fund to the Administrative Expense Fund (08-1) the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses (08-1).

(c) On each Installment Payment Date, CFD No. 08-1 shall withdraw from the CFD No. 08-1 Special Tax Fund, CFD No. 08-1 Net Special Tax Revenues in an amount equal to the Installment Payment

payable on such Installment Payment Date and shall pay such amount to the Community Facilities District in payment of such Installment Payment.

(d) On each May 16, CFD No. 08-1 shall transfer any remaining amounts in the CFD No. 08-1 Special Tax Fund to the Improvement Fund (08-1).

(e) CFD No. 08-1 shall deposit in the Redemption Account the amounts required to be deposited therein pursuant to paragraph (a) above. Amounts in the Prepayment Account shall be applied to the prepayment of Installment Payments prepaid pursuant to the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PREPAYMENT; TERMINATION - Mandatory Prepayment from Special Tax Prepayments."

Administrative Expense Fund (08-1). CFD No. 08-1 shall establish and maintain a separate fund in its treasury designated the "Administrative Expense Fund." CFD No. 08-1 shall deposit in the Administrative Expense Fund (08-1) the amounts transferred from the CFD No. 08-1 Special Tax Fund for deposit therein pursuant the Installment Purchase Agreement as summarized herein in subsection (b) under the caption "INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund." The moneys in the Administrative Expense Fund (08-1) shall be used and withdrawn by CFD No. 08-1 from time to time to pay Administrative Expenses (08-1).

Improvement Fund (08-1). CFD No. 08-1 shall establish and maintain a separate fund in its treasury designated the "Improvement Fund (08-1)." CFD No. 08-1 shall transfer from the CFD No. 08-1 Special Tax Fund to the Improvement Fund (08-1) the amounts required to be transferred thereto pursuant the Installment Purchase Agreement as summarized herein in subsection (d) under the caption "INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund." The moneys in the Improvement Fund (08-1) shall be used and withdrawn by CFD No. 08-1 from time to time to pay costs of CFD No. 08-1 Project. CFD No. 08-1 may, from time to time, transfer from the Improvement Fund (08-1) to the Administrative Expense Fund (08-1) the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses (08-1).

Investment of Moneys. All moneys in any of the funds or accounts required to be established pursuant to the Installment Purchase Agreement shall be invested by CFD No. 08-1 in investments that are legal investments for CFD No. 08-1 under the laws of the State. All interest, profits and other income received from the investment of moneys in any fund or account required to be established pursuant to the Installment Purchase Agreement shall be retained therein.

Prepayment; Termination

Mandatory Prepayment from CFD No. 08-1 Special Tax Prepayments. (a) The Installment Payments shall be subject to mandatory prepayment from prepaid CFD No. 08-1 Special Taxes required pursuant to Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – PLEDGE; FUNDS; INVESTMENTS - Special Tax Fund," to be applied to such prepayment, in whole or in part, within 30 days of the receipt of such prepaid CFD No. 08-1 Special Taxes by CFD No. 08-1, at a prepayment price equal to 100% of the principal components of the Installment Payments to be prepaid, plus the accrued but unpaid interest component of such Installment Payments to be prepaid to the date of such prepayment, without premium.

(b) If less than all of the Installment Payments are prepaid pursuant to this section, the Installment Payments shall be prepaid on a pro rata basis based on the principal components thereof, to the extent practicable.

(c) CFD No. 08-1 shall give the Community Facilities District written notice of the receipt by CFD No. 08-1 of prepaid CFD No. 08-1 Special Taxes within ten days of such receipt and shall specify in such written notice the date on which the Installment Payments to be prepaid from such prepaid CFD No. 08-1 Special Taxes will be so prepaid, which date, as provided in paragraph (a) immediately above, shall be within 30 days of such receipt.

Covenants

Collection of CFD No. 08-1 Special Tax Revenues. (a) CFD No. 08-1 shall comply with all requirements of the Act so as to assure the timely collection of CFD No. 08-1 Special Tax Revenues, including without limitation, the enforcement of delinquent CFD No. 08-1 Special Taxes.

(b) Prior to August 1 of each year, CFD No. 08-1 shall ascertain from the County Assessor the relevant parcels on which the CFD No. 08-1 Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. CFD No. 08-1 shall effect the levy of the CFD No. 08-1 Special Taxes each Fiscal Year (08-1) in accordance with the Ordinance Levying Special Taxes by each August 10, or otherwise such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the CFD No. 08-1 Special Tax amounts for the parcels within CFD No. 08-1 for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, CFD No. 08-1 shall prepare or cause to be prepared, and shall transmit to the County Auditor, such data as the County Auditor requires to include the levy of the CFD No. 08-1 Special Taxes on the next real property tax roll.

(c) CFD No. 08-1 shall fix and levy the amount of CFD No. 08-1 Special Taxes within CFD No. 08-1 in each Fiscal Year (08-1) in accordance with the CFD No. 08-1 Rate and Method and, subject to the limitations in the CFD No. 08-1 Rate and Method as to the amount of the CFD No. 08-1 Special Tax that may be levied, in an amount sufficient to yield CFD No. 08-1 Special Tax Revenues in an amount not less than the amount required for (i) the payment of Installment Payments becoming due and payable during such Fiscal Year (08-1), and (ii) the payment of the Administrative Expenses (08-1) estimated to be paid from such CFD No. 08-1 Special Tax Revenues, taking into account the balances in the funds and accounts required to be established pursuant to the Installment Purchase Agreement and available for one or more of such purposes.

(d) The CFD No. 08-1 Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and shall have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property. Notwithstanding the foregoing, if the Board of Education so determines, the CFD No. 08-1 Special Taxes shall be payable and be collected by means of direct billing of the owners of the property on which such CFD No. 08-1 Special Taxes are levied, which CFD No. 08-1 Special Taxes shall be collected at the same time as the general taxes on real property are payable.

Foreclosure. CFD No. 08-1 shall determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within CFD No. 08-1 are delinquent in the payment of CFD No. 08-1 Special Taxes and, if such delinquencies exist, CFD No. 08-1 shall order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any CFD No. 08-1 Special Taxes or installment thereof not paid when due; provided, however, that CFD No. 08-1 shall not be required to order the commencement of foreclosure proceedings if the total CFD No. 08-1 Special Tax delinquency for such Fiscal Year (08-1) is less than 5% of the total CFD No. 08-1 Special Tax levied in such Fiscal Year (08-1). Notwithstanding the foregoing, if CFD No. 08-1 determines that any single property owner in CFD No. 08-1 is delinquent in excess of \$25,000 in the

payment of the CFD No. 08-1 Special Tax, then CFD No. 08-1 shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Compliance with Installment Purchase Agreement. CFD No. 08-1 shall punctually pay the Installment Payments and other payments required to be made by it under the Installment Purchase Agreement in strict conformity with the terms thereof, and shall faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by it, shall not suffer or permit any default to occur under the Installment Purchase Agreement. CFD No. 08-1 shall not terminate the Installment Purchase Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the CFD No. 08-1 Project, commercial frustration of purpose, or any failure of the Community Facilities District to observe or perform any agreement, condition, covenant or term contained in the Installment Purchase Agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with the Installment Purchase Agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Community Facilities District or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Compliance with Act. CFD No. 08-1 shall comply with all applicable provisions of the Act.

Punctual Payment. CFD No. 08-1 shall punctually pay or cause to be paid the Installment Payments, in strict conformity with the terms of the Installment Purchase Agreement, according to the true intent and meaning thereof, but only out of CFD No. 08-1 Net Special Tax Revenues and other assets pledged for such payment as provided in the Installment Purchase Agreement and received by CFD No. 08-1.

No Additional Debt. CFD No. 08-1 shall not issue or incur any Debt (as defined in the Act) payable from CFD No. 08-1 Special Tax Revenues on a basis senior to or on a parity with the Installment Payments.

Against Encumbrances. CFD No. 08-1 shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under the Installment Purchase Agreement, except as permitted under the Installment Purchase Agreement. CFD No. 08-1 shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created by the Installment Purchase Agreement, against all claims and demands of all Persons whomsoever.

Reduction in CFD No. 08-1 Special Taxes. CFD No. 08-1 shall not initiate proceedings under the Act to modify the CFD No. 08-1 Rate and Method if such modification would adversely affect the security for the Installment Payments. If an initiative is adopted that purports to modify the CFD No. 08-1 Rate and Method in a manner that would adversely affect the security for the Installment Payments, CFD No. 08-1 shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the CFD No. 08-1 Rate and Method in a manner that would adversely affect the security for the Installment Payments.

Accounting Records. CFD No. 08-1 shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the CFD No. 08-1 Special Taxes, which records shall be available for inspection by the Community Facilities District at reasonable hours and under reasonable conditions.

Maintenance of Existence. CFD No. 08-1 shall maintain its existence as a community facilities district under the laws of the State.

Sovereign Immunity. CFD No. 08-1 does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under the Installment Purchase Agreement. To the extent CFD No. 08-1 has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, CFD No. 08-1 waives as provided in the Installment Purchase Agreement, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to the Installment Purchase Agreement.

No Inconsistent Actions. CFD No. 08-1 shall not take any action, or cause any agent to take any action, under the Installment Purchase Agreement inconsistent with the rights of the Community Facilities District under the Installment Purchase Agreement.

Indemnification of the Community Facilities District. To the extent permitted by law, CFD No. 08-1 shall indemnify and hold the Community Facilities District and its members and officers harmless against any and all liabilities which might arise out of or are related to the Installment Purchase Agreement, and CFD No. 08-1 shall defend the Community Facilities District and its members and officers in any action arising out of or related to the Installment Purchase Agreement.

Further Assurances. CFD No. 08-1 shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Installment Purchase Agreement and for the better assuring and confirming unto the Community Facilities District the rights and benefits provided in the Installment Purchase Agreement to the Community Facilities District.

Events of Default and Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default (08-1) under the Installment Purchase Agreement:

(a) failure by CFD No. 08-1 to pay any Installment Payment when and as the same shall become due and payable;

(b) failure by CFD No. 08-1 to observe and perform any of the other covenants, agreements or conditions on its part in the Installment Purchase Agreement contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to CFD No. 08-1 by the Community Facilities District; provided, however, that, if in the reasonable opinion of CFD No. 08-1 the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default (08-1) if corrective action is instituted by CFD No. 08-1 within such 30 day period and CFD No. 08-1 shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(c) the commencement by CFD No. 08-1 or the School District of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

No Acceleration; Foreclosure. The Installment Payments shall not be subject to acceleration under the Installment Purchase Agreement. If any Event of Default (08-1) shall occur under the Installment Purchase as summarized herein in subsection (a) under the caption "INSTALLMENT PURCHASE AGREEMENT – EVENTS OF DEFAULT AND REMEDIES - Events of Default" then, and in each and every such case during the continuance of such Event of Default (08-1), the Community Facilities District

may commence foreclosure against any parcels of land in CFD No. 08-1 with delinquent CFD No. 08-1 Special Taxes, as provided in Section 53356.1 of the Act.

Other Remedies. If an Event of Default (08-1) shall have occurred and be continuing, the Community Facilities District, shall have the right:

(a) by mandamus, suit, action or proceeding, to compel CFD No. 08-1 and its officers, agents or employees to perform each and every term, provision and covenant contained in the Installment Purchase Agreement, and to require the carrying out of any or all such covenants and agreements of CFD No. 08-1 and the fulfillment of all duties imposed upon it by the Installment Purchase Agreement;

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

(c) by suit, action or proceeding in any court of competent jurisdiction, to require CFD No. 08-1 and its officers and employees to account as if it and they were the trustees of an express trust.

Remedies Not Exclusive. No remedy in the Installment Purchase Agreement conferred upon or reserved to the Community Facilities District is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Installment Purchase Agreement or now or hereafter existing at law or in equity or otherwise.

Termination of Proceedings. In case any proceedings taken by the Community Facilities District on account of any Event of Default (08-1) shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Community Facilities District, then in every such case CFD No. 08-1 and the Community Facilities District, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Installment Purchase Agreement, severally and respectively, and all rights, remedies, powers and duties of CFD No. 08-1 and the Community Facilities District shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Community Facilities District to exercise any right or power arising upon the occurrence of any default or Event of Default (08-1) shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default (08-1) or an acquiescence therein, and every power and remedy given by the Installment Purchase Agreement to the Community Facilities District may be exercised from time to time and as often as may be deemed expedient.

Amendment of Installment Purchase Agreement

Amendments. This Installment Purchase Agreement and the rights and obligations of CFD No. 08-1 and the Community Facilities District may be amended or modified from time to time and at any time by a written amendment to the Installment Purchase Agreement executed by CFD No. 08-1 and the Community Facilities District.

Effect of Amendment. Upon the execution of any amendment of the Installment Purchase Agreement pursuant in accordance with the terms summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – AMENDMENT OF INSTALLMENT PURCHASE AGREEMENT - Amendments," the Installment Purchase Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Installment Purchase Agreement of CFD No. 08-1 and the Community Facilities District shall thereafter be determined, exercised and enforced under the Installment Purchase Agreement subject in all respects to such modification and

amendment, and all the terms and conditions of any such amendment shall be deemed to be part of the terms and conditions of the Installment Purchase Agreement for any and all purposes.

Defeasance

Discharge of Installment Purchase Agreement. If CFD No. 08-1 shall pay or cause to be paid or there shall otherwise be paid to the Community Facilities District all Installment Payments at the times and in the manner stipulated in the Installment Purchase Agreement, then the Community Facilities District shall cease to be entitled to the pledge of the assets provided in the Installment Purchase Agreement, and all agreements, covenants and other obligations of CFD No. 08-1 under the Installment Purchase Agreement shall thereupon cease, terminate and become void and the Installment Purchase Agreement shall be discharged and satisfied. In such event, the Community Facilities District shall execute and deliver to CFD No. 08-1 all such instruments as may be necessary or desirable to evidence such discharge and satisfaction.

Installment Payments Deemed To Have Been Paid. (a) If moneys for the payment of any Installment Payment shall have been set aside and held in trust with a trustee or escrow bank reasonably acceptable to the Community Facilities District, such Installment Payment shall be deemed to have been paid within the meaning and with the effect provided in the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – DEFEASANCE - Discharge of Installment Purchase Agreement." Any Installment Payment shall prior to the Installment Payment Date on which such Installment Payment is due and payable under the Installment Purchase Agreement be deemed to have been paid within the meaning of and with the effect expressed in the Installment Purchase Agreement as summarized herein under the caption "INSTALLMENT PURCHASE AGREEMENT – DEFEASANCE - Discharge of Installment Purchase Agreement," if there shall have been deposited and held in trust with a trustee or escrow bank reasonably acceptable to the Community Facilities District either (i) money in an amount which shall be sufficient, or (ii) Defeasance Securities (08-1), the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due such Installment Payment on the Installment Payment Date on which such Installment Payment is due and payable under the Installment Purchase Agreement.

(b) No Installment Payment shall be deemed to have been paid pursuant to paragraph (a) immediately above unless CFD No. 08-1 shall have caused to be delivered to the Community Facilities District and each such other interested party as the Community Facilities District may reasonably request (i) an executed copy of a Verification Report (08-1) with respect to such deemed payment, addressed to the Community Facilities District and each such interested party, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to paragraph (a) immediately above resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to CFD No. 08-1 and each such interested party and which escrow agreement shall provide that no substitution of Defeasance Securities (08-1) shall be permitted except with other Defeasance Securities (08-1) and upon delivery of a new Verification Report (08-1), and no reinvestment of Defeasance Securities (08-1) shall be permitted except as contemplated by the original Verification Report (08-1) or upon delivery of a new Verification Report (08-1), and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to CFD No. 08-1 and each such interested party, in form and in substance acceptable to CFD No. 08-1 and each such interested party, to the effect that such Installment Payment has been paid within the meaning and with the effect expressed in the Installment Purchase Agreement.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2020 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, proposes to render its final approving opinion with respect to the Series 2020 Bonds in substantially the following form:

[Date of Delivery]

Irvine Unified School District
Community Facilities District No. 09-1
Irvine, California

Irvine Unified School District
Community Facilities District No. 09-1
Special Tax Bonds, Series 2020 A
(Final Opinion)

Ladies and Gentlemen:

Pursuant to the Indenture, dated as of March 1, 2012 (the “Original Indenture”), by and between the Irvine Unified School District Community Facilities District No. 09-1 (the “Community Facilities District”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2014, by and between the Community Facilities District and the Trustee, and the Second Supplemental Indenture, dated as of October 1, 2014, by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Second Supplemental Indenture”), the Community Facilities District issued its Irvine Unified School District Community Facilities District No. 09-1 Adjustable Rate Special Tax Bonds, Series 2014 B (the “Adjustable Rate 2014 B Bonds”). The Second Supplemental Indenture has been amended and supplemented by the Third Supplemental Indenture, dated as of March 1, 2016, by and between the Community Facilities District and the Trustee, the Fourth Supplemental Indenture, dated as of June 1, 2017, by and between the Community Facilities District and the Trustee, the Fifth Supplemental Indenture, dated as of June 1, 2018, by and between the Community Facilities District and the Trustee, the Sixth Supplemental Indenture, dated as of September 1, 2019, by and between the Community Facilities District and the Trustee, and the Seventh Supplemental Indenture, dated as of May 1, 2020, by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Indenture”). Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

Pursuant to the Indenture, the Adjustable Rate 2014 B Bonds are being amended to become Fixed Rate Bonds, designated the Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2020 A (the “Series 2020 Bonds”).

We have acted as bond counsel to the Community Facilities District in connection with the amendment of the Adjustable Rate 2014 B Bonds to the Series 2020 Bonds. In such connection, we have reviewed the Indenture, the Series 2020 Tax Certificate, opinions of counsel to the Community Facilities District and the Trustee, certificates of the Community Facilities District, the Trustee and others and such

other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Series 2020 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Series 2020 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2020 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Community Facilities District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Series 2020 Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Series 2020 Bonds, the Indenture and the Series 2020 Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Community Facilities District in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Furthermore, we express no opinion with respect to the plans, specifications, maps, reports or other engineering or financial details of the proceedings, or upon the Rate and Method, or the validity of the Special Taxes levied upon any individual parcel. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2020 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2020 Bonds constitute valid and binding special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Tax Roll Revenues and the other assets pledged therefor under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Community Facilities District.

3. Interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California

personal income taxes. Interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of May 1, 2020, is by and between IRVINE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 09-1, a community facilities district organized and existing under the laws of the State of California (the “Community Facilities District”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

W I T N E S S E T H :

WHEREAS, pursuant to the Indenture, dated as of March 1, 2012, by and between the Community Facilities District and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2014, by and between the Community Facilities District and the Trustee, the Second Supplemental Indenture, dated as of October 1, 2014, by and between the Community Facilities District and the Trustee, the Third Supplemental Indenture, dated as of March 1, 2016, by and between the Community Facilities District and the Trustee, the Fourth Supplemental Indenture, dated as of June 1, 2017, by and between the Community Facilities District and the Trustee, the Fifth Supplemental Indenture, dated as of June 1, 2018, by and between the Community Facilities District and the Trustee, the Sixth Supplemental Indenture, dated as of September 1, 2019, by and between the Community Facilities District and the Trustee, and the Seventh Supplemental Indenture, dated as of May 1, 2020, by and between the Community Facilities District and the Trustee, the Community Facilities District has issued \$_____ aggregate principal amount of its Irvine Unified School District Community Facilities District No. 09-1 Special Tax Bonds, Series 2020 A (the “Series 2020 Bonds”); and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the Owners and Beneficial Owners of the Series 2020 Bonds and in order to assist the underwriter of the Series 2020 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

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

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

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Community Facilities District’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Community Facilities District” means Irvine Unified School District Community Facilities District No. 09-1, a community facilities district organized and existing under the laws of the State, and any successor thereto.

“Disclosure Representative” means the Assistant Superintendent, Business Services/Chief Financial Officer of the School District, or such other officer or employee of the School District as the School District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means Scott Associates, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means (a) a debt obligation of the Community Facilities District, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Community Facilities District, or (c) a guarantee of (i) a debt obligation of the Community Facilities District, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of March 1, 2012, by and between the Community Facilities District and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2014, by and between the Community Facilities District and the Trustee, the Second Supplemental Indenture, dated as of October 1, 2014, by and between the Community Facilities District and the Trustee, the Third Supplemental Indenture, dated as of March 1, 2016, by and between the Community Facilities District and the Trustee, the Fourth Supplemental Indenture, dated as of June 1, 2017, by and between the Community Facilities District and the Trustee, the Fifth Supplemental Indenture, dated as of June 1, 2018, by and between the Community Facilities District and the Trustee, the Sixth Supplemental Indenture, dated as of September 1, 2019, by and between the Community Facilities District and the Trustee, and the Seventh Supplemental Indenture, dated as of May 1, 2020, by and between the Community Facilities District and the Trustee, and as it may be further amended or supplemented from time to time in accordance with its terms.

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

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

“Official Statement” means the Official Statement, dated _____, 2020, relating to the Series 2020 Bonds.

“Participating Underwriter” means the original underwriter of the Series 2020 Bonds required to comply with the Rule in connection with the offering of the Series 2020 Bonds.

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

“School District” means the Irvine Unified School District, a school district organized and existing under the laws of the State, and any successor thereto.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Community Facilities District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

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

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

(b) The following information:

(i) The principal amount of Series 2020 Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(ii) The principal amount of Additional Bonds, other than the Series 2020 Bonds, Outstanding as of the December 31 next preceding the Annual Report Date;

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

(iv) An update for the Community Facilities District and CFD No. 08-1 of Table 1 – “Special Taxes Levied on Developed Property” in the Official Statement;

(v) The total assessed value of all parcels within the Community Facilities District and CFD No. 08-1 on which the special taxes are levied as shown on the assessment roll of the Orange County Assessor last equalized prior to the December 31 next preceding the Annual Report Date;

(vi) An update for the Community Facilities District and CFD No. 08-1 of Table 8 – “Overlapping Debt and Value-to-Lien Ratios – Developed Property Only” in the Official Statement;

(vii) An update for the Community Facilities District and CFD No. 08-1 of Table 9 – “Top Taxpayers” in the Official Statement;

(viii) A ten year summary of the Community Facilities District and CFD No. 08-1 special tax collections and delinquencies for all parcels within the Community Facilities District and CFD No. 08-1 substantially in the form of Table 3 – “Special Tax Collections and Delinquency Rates” in the Official Statement;

(ix) An update for the Community Facilities District and CFD No. 08-1 of Table 10 – “Debt Service Coverage” in the Official Statement for the Bond Year as of the September 1 next preceding the Annual Report Date;

(x) The status of foreclosure proceedings and a summary of the results of any foreclosure sales with respect to parcels within the Community Facilities District as of the December 31 next preceding the Annual Report Date;

(xi) The status of foreclosure proceedings and a summary of the results of any foreclosure sales with respect to parcels within CFD No. 08-1 as of the December 31 next preceding the Annual Report Date; and

(xii) The identity of any property owner representing more than 5% of the Community Facilities District and/or the CFD No. 08-1 special tax levy delinquent in payment of such special taxes as of the December 31 next preceding the Annual Report Date.

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

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.
- (x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2020 Bonds or other material events affecting the tax status of the Series 2020 Bonds.
- (ii) Modifications to rights of holders of the Series 2020 Bonds.
- (iii) Series 2020 Bond calls.
- (iv) Release, substitution, or sale of property securing repayment of the Series 2020 Bonds.
- (v) Non-payment related defaults.
- (vi) The consummation of a merger, consolidation, or acquisition involving the Community Facilities District or the sale of all or substantially all of the assets of the Community

Facilities District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2020 Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Community Facilities District determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, in a timely manner not later than ten business days after the date of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2020 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2020 Bonds. If such termination occurs prior to the final maturity of the Series 2020 Bonds, the Community Facilities District shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District and the Trustee. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Community Facilities District in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Community Facilities District;

provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2020 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2020 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 (i) is approved by Owners of the Series 2020 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2020 Bonds.

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

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

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2020 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2020 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under

the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article X of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement to the extent permitted by law, the Community Facilities District agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur 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, and which are not due to its negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California

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

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

IRVINE UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT
NO. 09-1

By: _____
Assistant Superintendent, Business
Services/Chief Financial Officer of the
Irvine Unified School District

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., AS TRUSTEE

By: _____
Authorized Officer

ACCEPTED AND AGREED TO:

SCOTT ASSOCIATES, AS DISSEMINATION
AGENT

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Irvine Unified School District Community Facilities District No. 09-1

Name of Bond Issue: Irvine Unified School District Community Facilities District No. 09-1
Special Tax Bonds, Series 2020 A

Date of Issuance: May __, 2020

NOTICE IS HEREBY GIVEN that Irvine Unified School District Community Facilities District No. 09-1 (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds, as required by the Continuing Disclosure Agreement, dated as of May 1, 2020, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as Trustee. [The Community Facilities District anticipates that such Annual Report will be filed by _____, 20__.]

Dated: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee, on
behalf of the Irvine Unified School District
Community Facilities District No. 09-1

cc: Irvine Unified School District
Community Facilities District No. 09-1

APPENDIX F

DTC BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2020 Bonds, payment of principal of, premium, if any, and interest on the Series 2020 Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2020 Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Community Facilities District believes to be reliable, but the Community Facilities District does not take responsibility for the completeness or accuracy thereof. The Community Facilities District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Series 2020 Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Series 2020 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2020 Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Securities in the aggregate principal amount of such issue and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated into this Official Statement by such reference or otherwise.

Purchases of Securities under the DTC system must be made by or through Direct Participants which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Trustee or the Community Facilities District subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Community Facilities District or the Trustee

disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE SERIES 2020 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2020 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX G

AERIAL PHOTOGRAPHS OF DEVELOPED PROPERTY WITHIN PLANNING AREAS WITHIN CFD NO. 09-1 AND CFD NO. 08-1

This Appendix G includes a planning area map and aerial photographs of Developed Property in the Community Facilities District and CFD No. 08-1. The following summary description of the planning areas within the Community Facilities District and CFD No. 08-1 is from information obtained by the School District and the CFD Administrator to describe generally what is shown in the aerial photographs which follow. The Rate and Method and CFD No. 08-1 Rate and Method do not specify nor distinguish the levy of special taxes among planning areas. This information has been obtained by the School District and the CFD Administrator from publicly available sources. The Fiscal Year 2019-20 Special Tax Levy for the Community Facilities District and CFD No. 08-1 is based on residential property for which a building permit was issued as of June 30, 2019. The Fiscal Year 2020-21 special tax levy projections include additional permitted residential property for which a building permit was issued as of February 14, 2020. Ownership information has been obtained from the Assessment Roll of the County Assessor as of January 1, 2019, as updated by information provided by First American Title Co. (Data Tree) through March 13, 2020. Aerial photographs were taken in March of 2017 unless otherwise noted. None of the Community Facilities District, CFD No. 08-1, the School District, the Municipal Advisor or the Underwriter has made independent investigation or confirmation of the condition or status of development or plans for further development by planning area. This information is provided to expand on the descriptions of planning areas included in the map and aerial photographs that follow. The map is provided to show the general location of the areas within the Community Facilities District and CFD No. 08-1 by reference to the City's planning area designations as described in this Official Statement.

Community Facilities District No. 09-1

Planning Area 6. Portola Springs is located north of the Santa Ana Freeway (I-5) with development planned in six neighborhoods. Some of the Portola Springs neighborhoods are within the boundary of CFD No. 06-1, however, the CFD No. 06-1 lien was cancelled on property that is included in the Community Facilities District. Approximately 927 gross acres of Planning Area 6 are located within the Community Facilities District, of which approximately 180 acres remained undeveloped as of June 30, 2019. Neighborhood 1 is fully developed with 26 single-family homes and 315 condominium units, constructed between 2010 and 2013, being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo on page G-6 in this Appendix G.

Neighborhood 2 is fully developed with 279 attached and detached condominium units, constructed between 2010 and 2014, being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo on page G-7 in this Appendix G.

Neighborhood 3 consists of approximately 97 gross acres and is in the final stages of construction that began in 2014 with the issuance of building permits for a 438 unit apartment development, referred to as Portola Court, followed in 2015 by Portola Anton, an affordable housing apartment project with 256 units. Both apartment developments are owned by The Irvine Company or an affiliated limited liability company. See Appendix H. Development of single-family homes and condominium units began in 2015 with the issuance of building permits for models in five separate tracts. There are 95 single-family homes and 558 condominium units, of which 626 were sold to end users, in addition to 694 apartment units being levied the Special Tax in Fiscal Year 2019-20. As of February 14, 2020 building permits had been issued for 33 single-family homes and condominium units that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photo taken March 4, 2020 on page G-8 in this Appendix G.

Neighborhood 4 consists of 303 gross acres with approximately 125 acres of open space, parks and a school site. There were 488 single-family homes and condominium units constructed between 2011 and 2015. The second phase of development began in 2017 and is continuing with the construction of 348 condominium units. There are 144 single-family homes and 517 condominium units being levied the Special Tax in Fiscal Year 2019-20. As of February 14, 2020, building permits had been issued for 15 condominium units that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photo taken March 4, 2020 on page G-9 in this Appendix G.

Neighborhood 5 consists of approximately 414 gross acres, of which approximately 145 remained undeveloped as of June 30, 2019. Development began in 2016 and continues with the second phase beginning in 2019. There are 92 single-family homes and 200 condominium units being levied the Special Tax in Fiscal Year 2019-20. As of February 14, 2020, building permits had been issued for 119 single-family homes and condominium units that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photograph taken March 4, 2020, on page G-10 in this Appendix G.

Neighborhood 6 is developed with 464 condominium units, constructed between 2014 and 2017, being levied the Special Tax in Fiscal Year 2019-20, all of which were sold to end users. There are approximately 4 acres of undeveloped land, owned by the City of Irvine and planned for affordable housing development in the future. See the aerial photo on page G-11 in this Appendix G.

Planning Area 9. Located north of the Santa Ana Freeway (I-5), Planning Area 9 consists of four neighborhoods; Woodbury (Planning Area 9A), Woodbury East (Planning Area 9C-1), Stonegate (Planning Area 9B) and Stonegate East (Planning Area 9C-2) all within the boundaries of the School District and partially within the Community Facilities District. The information that follows in this Appendix G relates only to the property in the Community Facilities District. Approximately 16 acres within Woodbury are fully developed with 140 single-family homes, built between 2009 and 2012, being levied the Special Tax in Fiscal Year 2019-20. The property, which was originally reserved as an elementary school site, and later became available for residential development when the school site was relocated, is the only portion of Woodbury that is in the Community Facilities District. See the aerial photo on page G-12 in this Appendix G.

Woodbury East was formerly within the boundary of CFD No. 06-1, however, the CFD No. 06-1 lien was cancelled on approximately 33 acres that are included in the Community Facilities District. There are 544 condominium units, that were built between 2009 and 2013, being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo on page G-13 in this Appendix G.

Stonegate was formerly within the boundary of CFD No. 07-1, however, the CFD No. 07-1 lien was cancelled and approximately 421 gross acres were included in the Community Facilities District. There are 849 single-family homes and 1,279 condominium units, constructed between 2010 and 2018, being levied the Special Tax in Fiscal Year 2019-20, all of which were sold to end users. See the aerial photo on page G-14 in this Appendix G.

Stonegate East was formerly within the boundary of CFD No. 07-1, however, the CFD No. 07-1 lien was cancelled and approximately 40 gross acres are included in the Community Facilities District. There are 236 condominium units, that were built between 2010 and 2013, being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo on page G-15 in this Appendix G.

Planning Area 40. Cypress Village is located just north of the Santa Ana Freeway (I-5) with approximately 535 gross acres being within the School District and the Community Facilities District. There are approximately 60 acres of open space, parks and schools and approximately 24 acres remained undeveloped as of June 30, 2019. Development began in 2010 with the issuance of building permits for

1,677 apartment units in 4 communities referred to as Murano, Cadenza, Veneto and Umbria, followed by Avella, a 485-unit apartment community that was constructed in 2013. All of the apartments are owned by The Irvine Company or an affiliated limited liability company. See Appendix H. There are 703 single-family homes and 1,380 condominium units, of which 2,039 were sold to end users, in addition to 2,162 apartment units being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo taken March 15, 2018 on page G-16 in this Appendix G.

Planning Area 18. Planning Area 18 consists of approximately 726 gross acres, located south of the San Diego Freeway (I-405) with 507 acres being reserved for open space and the remaining acreage divided between two neighborhoods; Laguna Altura (Planning Area 18A) approximately 77 gross acres and Hidden Canyon (Planning Area 18B) approximately 142 gross acres. Laguna Altura is fully developed with 238 single-family homes and 359 condominium units, constructed between 2010 and 2014, being levied the Special Tax in Fiscal Year 2019-20. See the aerial photo on page G-17 in this Appendix G.

Hidden Canyon is fully developed with 258 single-family homes built between 2015 and 2017 being levied the Special Tax in Fiscal Year 2019-20, all of which were sold to end users. See the aerial photo taken March 15, 2018 on page G-18 in this Appendix G.

Planning Area 39. Los Olivos is approximately 365 gross acres located south of the San Diego Freeway (I-405) and consists of the Los Olivos Apartment Village and Los Olivos II. The Los Olivos Apartment Village, on approximately 193 gross acres, is an apartment community developed with 1,750 Apartment units that were built over a two-year period beginning in the spring of 2012. There are five types of apartment buildings ranging from townhouse-style duplexes to 3-story 20 unit buildings commingled throughout the Village, which is divided into quadrants referred to as Antivo, Pintado, Dana and Trailside. There are 1,750 apartment units, all owned by the Irvine Company under the name of IAC Apartment Development or an affiliated limited liability company, being levied the Special Tax in Fiscal Year 2019-20. See Appendix H. See the aerial photo on page G-19 in this Appendix G.

Los Olivos II consists of approximately 170 gross acres with approximately 50 acres of open space and parks. Approximately 52 acres remained undeveloped as of June 30, 2019. Los Olivos II is being developed with apartment structures and condominiums. The apartments are owned by the Irvine Company under the name of Los Olivos II Apartments LLC. See Appendix H. There are 58 condominium units, of which 54 were sold to end users, in addition to 936 apartment units being levied the Special Tax in Fiscal Year 2019-20. As February 14, 2020, building permits had been issued for 26 condominium units and 600 apartment units that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photo taken March 4, 2020 on page G-20 in this Appendix G.

Planning Area 1. Orchard Hills is located north of the Santa Ana Freeway (I-5) and extends beyond the northwestern borders of the School District. Only a portion of the planning area within the School District boundaries is also within the Community Facilities District consisting of approximately 963 gross acres, within three neighborhoods. As of June 30, 2019, approximately 512 acres remained undeveloped. Development in Neighborhood 2 is complete with 165 single-family homes and 436 condominium units constructed between 2013 and 2017. Development continues in Neighborhood 3. There are 346 single-family homes and 656 condominium units being levied the Special Tax in Fiscal Year 2019-20, of which 834 were sold to end users. As of February 14, 2020, building permits were issued for 180 single-family homes and condominiums that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photo taken March 4, 2020 on page G-21 in this Appendix G.

Planning Area 5B. Eastwood consists of approximately 308 gross acres located north of the Santa Ana Freeway (I-5), all within the boundaries of the School District and the Community Facilities

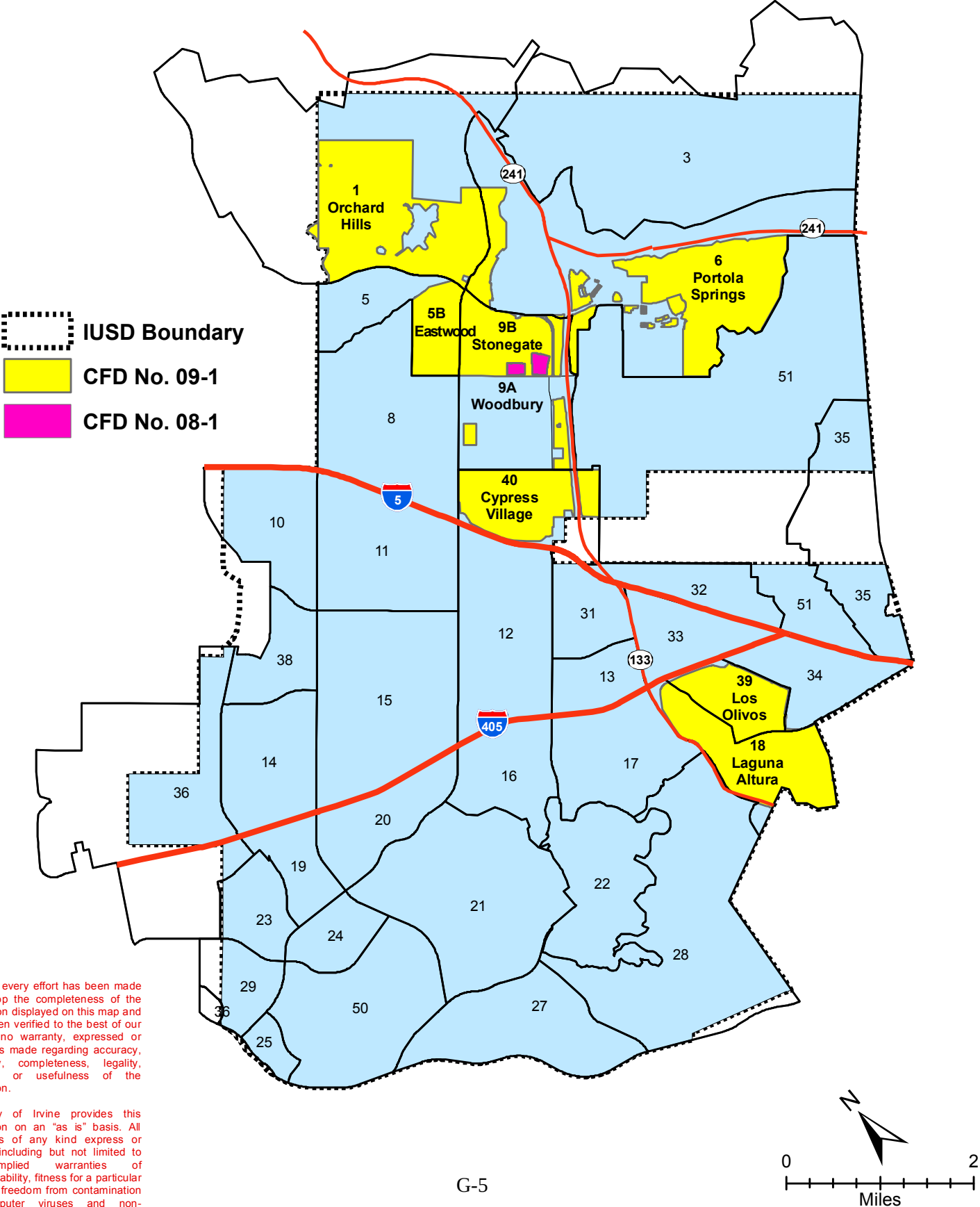
District, with approximately 17 acres being an elementary school and public park. There are 738 single-family homes and 872 condominium units, of which 1,496 were sold, being levied the Special Tax for Fiscal Year 2019-20. As of February 14, 2020, building permits were issued for 8 single-family homes that will be levied the Special Tax in Fiscal Year 2020-21. See the aerial photograph taken March 4, 2020 on page G-22 in this Appendix G.

Community Facilities District No. 08-1

CFD No. 08-1 (Planning Area 9B (Stonegate – Mirasol and Palmeras Apartments)) consists of approximately 36 gross acres and is fully developed with two apartment communities referred to as Mirasol, with 329 units, and Palmeras, with 528 units, within the neighborhood of Stonegate that were formerly in CFD No. 07-1. Building permits were issued in October and November of 2007 for all of the apartment units which are owned by The Irvine Company or an affiliated limited liability company, and CFD No. 07-1 levied the CFD No. 07-1 special tax through the 2010-11 tax year, when CFD No. 07-1 was dissolved. The CFD No. 08-1 Special Tax was levied beginning with the 2011-12 tax year. All 857 units are being levied the CFD No. 08-1 Special Tax for Fiscal Year 2019-20. See the aerial photo on page G-23 in this Appendix G and Appendix H for more information on the assessed value and value-to-lien ratio.

The Community Facilities District and CFD No. 08-1

in relation to City of Irvine Planning Areas within Irvine Unified School District



Although every effort has been made to develop the completeness of the information displayed on this map and it has been verified to the best of our abilities, no warranty, expressed or implied, is made regarding accuracy, adequacy, completeness, legality, reliability, or usefulness of the information.

The City of Irvine provides this information on an "as is" basis. All warranties of any kind express or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose, freedom from contamination by computer viruses and non-infringement of proprietary rights, ARE DISCLAIMED.

Irvine Unified School District
Community Facilities District No 09-1 within
Planning Area 6 – Portola Springs Neighborhood 1



Irvine Unified School District
Community Facilities District No 09-1 within
Planning Area 6 – Portola Springs Neighborhood 2



6594_032317 Boundaries Approximate

241 Tollway

Irvine Unified School District
Community Facilities District № 09-1
Planning Area 6 – Portola Springs Neighborhood 3

Portola Pkwy

Portola Springs
Elementary School

Portola Springs

Modjeska

Irvine Blvd

7854_030420 - Boundaries Approximate



Irvine Unified School District
Community Facilities District № 09-1
Planning Area 6 – Portola Springs Neighborhood 4



Irvine Unified School District
Community Facilities District N^o 09-1
Planning Area 6 – Portola Springs Neighborhood 5



Irvine Unified School District
Community Facilities District No 09-1
Planning Area 6 – Portola Springs Neighborhood 6



6587-092317 Boundaries Approximate

Irvine Unified School District
Community Facilities District No 09-1
within Planning Area 9A – Woodbury



6579_032317 - Boundaries Approximate



Irvine Unified School District
Community Facilities District No. 09-1
Planning Area 9C1 – Woodbury East

Syphon
Reservoir

Irvine Blvd

Woodbury
Town Center

Sand Canyon Ave

133 Tollway

Trabuco Rd

6728_032917 Boundaries Approximate

Irvine Unified School District
Community Facilities District No 09-1
Planning Area 9B – Stonegate



6608_032317 - Boundaries Approximate



Irvine Unified School District
Community Facilities District N° 09-1
Planning Area 40 – Cypress Village





Irvine Unified School District
Community Facilities District No. 09-1
Planning Area 18A - Laguna Altura

Irvine Spectrum
Shopping Center

405 Freeway

133 Laguna Canyon Rd

Lake Forest Dr

6573_032317 Boundaries Approximate

N



Irvine Unified School District
Community Facilities District № 09-1
Planning Area 18B – Hidden Canyon

5 Freeway

Bake

Lake Forest Dr

133 Laguna Canyon Rd

8450 031518 Boundaries Approximate





Irvine Unified School District
Community Facilities District No 09-1
within Planning Area 39 – Los Olivos

133 Laguna Canyon Rd

Lake Forest Dr

Irvine Center Dr

405 Freeway

6571_092317 Boundaries Approximate



Irvine Unified School District
Community Facilities District N^o 09-1
Planning Area 39 – Los Olivos II



7797_030420 Boundaries Approximate

Irvine Unified School District
Community Facilities District № 09-1
Planning Area 1 – Orchard Hills, Neighborhoods 2 & 3

241 Tollway

Rattlesnake
Reservoir

Orchard Hills Dr

Northwood
High School

Culver Dr

Canyon View
Elementary
School

Portola Pkwy

7842_030420 Boundaries Approximate

Irvine Unified School District
Community Facilities District No 09-1
Planning Area 5B – Eastwood



7852_030420 Boundaries Approximate

Irvine Unified School District
Community Facilities District № 08-1
Stonegate - Mirasol and Palmeras



6584_032317 Boundaries Approximate

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APPENDIX H

PARCEL LIST OF APARTMENT PROPERTIES (ASSESSED VALUE AND VALUE-TO-LIEN)

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APPENDIX H
Parcel List of Apartment Properties
(Assessed Value and Value-to-Lien)

Planning Area 40: Cypress Village

APN	Apartment Name	Units	Property Owner	Developed Acres	2019-20 Assessed Value					Overlapping Debt*	Value-to-Lien Ratio*
					Land	BaseYear	Improvement	BaseYear	Total		
104-412-01	Murano	310	MURANO APT HOMES LLC	11.94	\$1,202,164	1984	\$37,643,414	2013	\$38,845,578	\$7,504,415	5.2 :1
104-412-02	Murano	318	MURANO APT HOMES LLC	12.92	\$1,273,031	1984	\$40,087,642	2012	\$41,360,673	\$7,698,508	5.4 :1
Subtotal	Murano	628	MURANO APT HOMES LLC	24.86	\$2,475,195		\$77,731,056		\$80,206,251	\$15,202,923	5.3 :1
104-584-48	Avella	291	IRVINE LAND COMPANY LLC	12.66	\$2,968,682	1984	\$33,609,212	2016	\$36,577,894	\$7,074,801	5.2 :1
104-584-49	Avella	194	IRVINE LAND COMPANY LLC	8.63	\$2,024,536	1984	\$17,393,680	2016	\$19,418,216	\$4,717,117	4.1 :1
Subtotal	Avella	485	IRVINE LAND COMPANY LLC	21.29	\$4,993,218		\$51,002,892		\$55,996,110	\$11,791,918	4.7 :1
104-413-03	Cadenza	262	CADENZA APARTMENT HOMES	14.7	\$1,261,228	1984	\$51,467,441	2013	\$52,728,669	\$6,028,263	8.7 :1
104-413-04	Veneto	352	VENETO APARTMENTS HOMES	14.86	\$1,441,121	1984	\$49,496,625	2013	\$50,937,746	\$8,522,011	6.0 :1
104-413-05	Umbria	435	UMBRIA APARTMENT HOMES	16.89	\$1,553,792	1984	\$55,204,401	2013	\$56,758,193	\$10,529,040	5.4 :1
Total: PA 40		2,162	IRVINE COMPANY (1)	92.60	\$11,724,554		\$284,902,415		\$296,626,969	\$52,074,155	5.7 :1

Planning Area 39: Los Olivos

APN	Apartment Name	Units	Property Owner	Developed Acres	2019-20 Assessed Value					Overlapping Debt*	Value-to-Lien Ratio*
					Land	BaseYear	Improvement	BaseYear	Total		
588-011-51	Trailside	188	TRAILSIDE LOS OLIVOS LLC	9.22	\$1,376,405	1984	\$30,880,434	2014	\$32,256,839	\$6,377,468	3.5 :1
588-011-52	Trailside	336	TRAILSIDE LOS OLIVOS LLC	16.37	\$2,443,295	1984	\$55,255,117	2014	\$57,698,412	\$11,397,857	3.5 :1
Subtotal	Trailside	524	TRAILSIDE LOS OLIVOS LLC	25.59	\$3,819,700		\$86,135,551		\$89,955,251	\$17,775,325	5.1 :1
588-011-53	Antivo	392	ANTIVO LOS OLIVOS LLC	15.65	\$2,335,600	1984	\$64,525,643	2014	\$66,861,243	\$13,292,170	5.0 :1
588-011-56	Antivo	54	ANTIVO LOS OLIVOS LLC	3.09	\$462,210	1984	\$11,199,574	2014	\$11,661,784	\$1,832,546	6.4 :1
Subtotal	Antivo	446	ANTIVO LOS OLIVOS LLC	18.74	\$2,797,810		\$75,725,217		\$78,523,027	\$15,124,716	5.2 :1
588-011-58	Pintado	148	IAC APARTMENT DEVELOPMENT	9.72	\$1,450,576	1984	\$30,235,619	2014	\$31,686,195	\$5,024,431	6.3 :1
588-011-65	Pintado	126	IAC APARTMENT DEVELOPMENT	4.35	\$410,069	1984	\$22,184,536	2014	\$22,594,605	\$4,268,974	5.3 :1
Subtotal	Pintado	274	IAC APARTMENT DEVELOPMENT	14.07	\$1,860,645		\$52,420,155		\$54,280,800	\$9,293,405	5.8 :1
588-011-61	Dana	254	DANA LOS OLIVOS APT LLC	9.45	\$1,409,835	1984	\$42,981,247	2014	\$44,391,082	\$8,611,726	5.2 :1
588-011-63	Dana	252	DANA LOS OLIVOS APT LLC	8.80	\$829,283	1984	\$42,088,545	2014	\$42,917,828	\$8,538,015	5.0 :1
Subtotal	Dana	506	DANA LOS OLIVOS APT LLC	18.25	\$2,239,118		\$85,069,792		\$87,308,910	\$17,149,741	5.1 :1
588-291-01	Los Olivos II	189	LOS OLIVOS II APARTMENTS LLC	4.35	\$1,087,170	1984	\$0	1984	\$1,087,170	\$6,407,947	0.2 :1
588-291-02	Los Olivos II	187	LOS OLIVOS II APARTMENTS LLC	3.87	\$967,268	1984	\$2,904,309	2019	\$3,871,577	\$6,342,734	0.6 :1
588-291-03	Los Olivos II	202	LOS OLIVOS II APARTMENTS LLC	4.10	\$1,050,819	1984	\$6,153,905	2019	\$7,204,724	\$6,851,630	1.1 :1
588-291-04	Los Olivos II	137	LOS OLIVOS II APARTMENTS LLC	3.21	\$820,065	1984	\$7,087,574	2019	\$7,907,639	\$4,648,453	1.7 :1
588-291-06	Los Olivos II	221	LOS OLIVOS II APARTMENTS LLC	4.47	\$1,155,205	1984	\$0	1984	\$1,155,205	\$7,496,088	0.2 :1
Subtotal	Los Olivos II	936	LOS OLIVOS II APARTMENTS LLC	20.00	\$5,080,527		\$16,145,788		\$21,226,315	\$31,746,853	0.7 :1
Total: PA 39		2,686	IRVINE COMPANY (1)	96.65	\$15,797,800		\$315,496,503		\$331,294,303	\$91,090,041	3.6 :1

(1) Apartments are owned by the Irvine Company or an affiliate in partnership.

* Preliminary, subject to change.

APPENDIX H
Parcel List of Apartment Properties
(Assessed Value and Value-to-Lien)

Planning Area 6: Portola Springs Neighborhood 3

APN	Apartment Name	Units	Property Owner	Developed Acres	2019-20 Assessed Value			Overlapping Debt*	Value-to-Lien Ratio*
					Land	BaseYear	Improvement BaseYear	Total	
591-161-01	Portola Court	227	PORTOLA SPRINGS APARTMENTS LLC	8.09	\$450,026	1988	\$39,618,782 2016	\$40,068,808	\$6,099,980 6.6 :1
591-161-02	Portola Court	211	PORTOLA SPRINGS APARTMENTS LLC	7.52	\$499,965	1988	\$34,634,225 2016	\$35,134,190	\$7,532,343 4.7 :1
Subtotal	Portola Court	438	PORTOLA SPRINGS APARTMENTS LLC	15.61	\$949,991		\$74,253,007	\$75,202,998	\$13,632,322 5.5 :1
591-161-03	Anton Portola	256	THE IRVINE COMPANY LLC PORTOLA	10.34	\$17,462,374	2015	\$37,508,828 2017	\$54,971,202	\$26,097,502 2.1 :1
Total: PA 6		694	IRVINE COMPANY (1)	25.95	\$18,412,365		\$111,761,835	\$130,174,200	\$39,729,824 3.3 :1

CFD No. 08-1 Planning Area 9B: Stonegate Apartments

APN	Apartment Name	Units	Property Owner	Developed Acres	2019-20 Assessed Value			Overlapping Debt*	Value-to-Lien Ratio*
					Land	BaseYear	Improvement BaseYear	Total	
580-154-01	Mirasol	329	IRVINE CO	13.97	\$955,710	1985	\$61,412,758 2010	\$62,368,468	\$7,540,785 8.3 :1
580-154-03	Palmeras	528	IRVINE CO	21.73	\$232,715	1985	\$79,579,165 2009	\$79,811,880	\$12,025,141 6.6 :1
Total: CFD No. 08-1		857	IRVINE COMPANY (1)	35.70	\$1,188,425		\$140,991,923	\$142,180,348	\$19,565,926 7.3 :1
Total: APARTMENTS		6,399	IRVINE COMPANY	250.90	\$47,123,144		\$853,152,676	\$900,275,820	\$202,459,946 4.4 :1

(1) Apartments are owned by the Irvine Company or an affiliate in partnership.

* Preliminary, subject to change.

APPENDIX I

FORM OF 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.

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

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

APPENDIX J

FORM OF MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

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**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: ISSUER_NAME, STATE_NAME

Policy No:

MEMBER: MEMBER_COMPANY,
STATE_NAME

Effective Date:

BONDS: \$_____ in aggregate
principal amount of
,

Risk Premium: \$_____

Member Surplus Contribution: \$_____

Total Insurance Payment: \$_____

Maximum Policy Limit: \$

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

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

Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed the Maximum Policy Limit set forth above. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

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

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

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

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

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

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

EXHIBIT A

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the “Policy”), issued by Build America Mutual Assurance Company (“BAM”). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____

Name:

Title: