

29.PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE—BOOK-ENTRY ONLY

NO RATING

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$ _____
*
**CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

Dated: Delivery Date

Due: September 1, as shown on inside cover page

The City of Palm Desert Community Facilities District No. 2021-1 (University Park) Special Tax Bonds, Series 2024 (the "Bonds") are being issued by the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the "District") to: (i) finance the acquisition of certain public improvements needed with respect to the development of property located within the District, including public improvements to be owned by the City of Palm Desert (the "City") and water and sewer facilities to be owned and operated by the Coachella Valley Water District ("CVWD"); (ii) fund a reserve account for the Bonds; (iii) pay costs of issuance for the Bonds; and (iv) fund capitalized interest to pay debt service on the Bonds through and including September 1, 2024. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the "Act"), and pursuant to that certain Bond Indenture, dated as of July 1, 2021 (the "Original Indenture"), as supplemented by the First Supplemental Indenture, dated as of [March 1, 2024] (the "First Supplemental Indenture" together with the "Original Indenture" is referred to as the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds are payable from Net Taxes (as defined herein) derived from a certain annual Special Tax (as defined herein) to be levied on taxable parcels within the District and from certain other funds pledged under the Indenture, all as further described herein. The Special Tax is to be levied according to the rate and method of apportionment (the "Rate and Method") approved by the City Council of the City and the qualified electors within the District. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes," "THE DISTRICT — Formation Proceedings," and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be in book-entry form only and may be made in principal amounts of authorized denominations of \$5,000 or any integral multiple thereof ("Authorized Denominations"). See "THE BONDS — General Provisions." Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable on each March 1 and September 1, commencing [September 1, 2024]. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to optional redemption, extraordinary redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See the caption "THE BONDS — Redemption."

EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE BONDS. The property subject to the lien of Special Taxes within the District consists of approximately 175 acres. The developer, University Park Investor, LLC (the "Developer") plans on developing the District property in five areas, with 1,069 projected residential units. The estimated completion date for development is the end of 2026. See "SPECIAL RISK FACTORS — Construction Risks, and — Property Values" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds. This cover page contains information for general reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to making an informed investment decision.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Indian Wells, California, City Attorney, and for the District by Best Best & Krieger LLP, Riverside, California, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery on or about [March 20, 2024].

[INSERT PIPER LOGO]

Dated: _____, 2024

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$ _____[†]
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024

MATURITY SCHEDULE

Base CUSIP No.[†] _____

<u>Maturity Date</u> (September 1)	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†] ®
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\$ _____	_____ %	Term Bonds due September 1, 20__	Yield: _____ %	Price: _____	CUSIP No. [†] _____
\$ _____	_____ %	Term Bonds due September 1, 20__	Yield: _____ %	Price: _____	CUSIP No. [†] _____
\$ _____	_____ %	Term Bonds due September 1, 20__	Yield: _____ %	Price: _____	CUSIP No. [†] _____

[†] Preliminary, subject to change

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City, the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the City, the District or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF PALM DESERT

CITY COUNCIL

Karina Quintanilla, *Mayor*
Kathleen Kelly, *Councilmember*
Evan Trubee, *Councilmember*
Gina Nestande, *Councilmember*
Jan Harnik, *Mayor Pro Tem*

STAFF

Todd Hileman, *City Manager*
Veronica Chavez, *City Treasurer/Director of Finance*
Anthony Mejia, *City Clerk*
Best Best & Krieger LLP, *City Attorney*

MUNICIPAL ADVISOR

Del Rio Advisors, LLC
Modesto, California

BOND COUNSEL

Richards, Watson & Gershon, A Professional Corporation
Los Angeles, California

DISCLOSURE COUNSEL

Best Best & Krieger LLP
Riverside, California

SPECIAL TAX CONSULTANT

Willdan Financial Services
Temecula, California

APPRAISER

Capital Realty Analysts
San Marcos, California

TRUSTEE

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

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 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, deemed final by the City and the District, is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Trustee Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the City for further information. While the City maintains an Internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE DISTRICT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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[INSERT VICINITY MAP]

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**CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

INTRODUCTION

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

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”) of its Special Tax Bonds, Series 2024 in the aggregate principal amount of \$ _____ ‡ (the “Bonds”). The proceeds of the Bonds will be used to (i) finance the acquisition of certain public improvements needed with respect to the development of property located within the District, including public improvements to be owned by the City and water and sewer facilities to be owned and operated by the Coachella Valley Water District (“CVWD”) (ii) fund a reserve account for the Bonds; (iii) pay costs of issuance for the Bonds; and (iv) fund capitalized interest on the Bonds through and including September 1, 2024.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and a Bond Indenture, dated as of July 1, 2021 (the “Original Indenture”), as supplemented by a First Supplemental Indenture, dated as of [March 1, 2024] (the “First Supplemental Indenture” together with the “Original Indenture” are referred to as the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds and Series 2021 Bonds (defined herein) are secured under the Indenture by a pledge of and lien upon Net Taxes (as such term is defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expenses Account therein) as described in the Indenture.

All capitalized terms used in this Official Statement and not defined have the meanings set forth in Appendix D.

The District

General. The City of Palm Desert (the “City”) is located in the County of Riverside (the “County”) within the area known as the Coachella Valley. The City is situated approximately midway between the cities of Indio and Palm Springs, approximately 117 miles east of Los Angeles, approximately 118 miles northeast of San Diego and approximately 515 miles southeast of San Francisco. The City covers an area of approximately 26 square miles and has a current population of approximately 50,615 . The City was incorporated in 1973 and is a charter city operating under a council-manager form of government.

The District is located north of Frank Sinatra Drive, south of Gerald Ford Drive, west of Cook Street and east of Portola Avenue. The area is locally known as “University Park,” due to the location immediately west of the facilities and future facility expansion area of the satellite campus of California State University, San Bernardino and University of California at Riverside, at the northeast corner of Frank Sinatra Drive and Cook Street.

‡ Preliminary, subject to change

The District consists of approximately 175 gross acres. As of January 1, 2024, the developer “University Park Investor, LLP” (“UPI” or “Developer”) developed 236 residential units on the District property, which are subject to the Special Tax (as defined herein). 105 of the 236 residential units are owned by individual homeowners. UPI owns the remaining 131 units. See “SPECIAL RISK FACTORS — Concentration of Ownership” herein. The development within the District (the “Project”) is made up of five separate project areas (“Area No. 1,” “Area No. 2,” “Area No. 3,” “Area No. 4” and “Area No. 5”) which are planned to include 1,069 units at buildout consisting of eight product types of for-sale single-family detached homes, for-sale attached townhomes and for-rent multifamily apartments. Area No. 1, consisting of 236 single-family lots, is currently under construction and has closed on 105 units, as of January 1, 2024. The lots in Area No. 3 consist of finished and nearly finished lots.

**CITY OF PALM DESERT CFD 2021-1(UNIVERSITY PARK)
STATUS OF DEVELOPMENT AS OF DECEMBER 15, 2023¹**

Development Area	Total Number of Lots	Units Completed, Sold and Closed	Units Completed and Unclosed	Homes Under Construction	Homes in Escrow	Finished Lots	Building Permits	Undeveloped Lots
Area No. 1 ²	236	102	10	43	6	81	155	236
Area No. 2	146	0	0	0	0	0	0	146
Area No. 3 ³	169	0	0	0	0	169	0	169
Area No 4	182	0	0	0	0	0	0	182
Area No. 5	<u>336</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>336</u>
	1,069	102	10	43	6	250	155	1,069

¹Based on status of development as of the December 15, 2023 Date of Value.

²Area No. 1 lot counts do not tie out to 236 when adding horizontally due to overlap between categories.

³Although Area No. 3 has both finished and near-finished lots, this table considers all 169 lots as finished since all units are permit ready.

The Project is being developed by UPI, the master developer within the District. UPI is managed by MVP Development California, LLC (“MVP”), who manages the day-to-day operations and development of the Project. On November 29, 2023, UPI sold all 169 lots in Area No. 3 to AG EHC II Toll CA 2 LP (“AG EHC”) for \$34,304,000. [Toll Brothers, a _____, (“Toll”) entered into a land banking arrangement on _____, 2024 (the “Land Banking Agreement”) with AG EHC for development of the property in Area No. 3. Pursuant to the Land Banking Agreement, Toll is responsible for payment of Special Taxes in Area No. 3.]

See the captions “THE DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for further information with respect to the District, UPI, Toll, and development within the District.

Investor Suitability

EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE BONDS. See “SPECIAL RISK FACTORS – Concentration of Ownership, — Construction Risks, and — Property Values” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds. Investors should read the entire Official Statement to obtain information essential to making an informed investment decision.

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term “Special Tax” means the annual special tax which has been authorized pursuant to the Act and the rate and method of apportionment (the “Rate and Method”) to be levied upon taxable property within the District. See the caption “SOURCES OF PAYMENT FOR THE

BONDS — Special Taxes,” “THE DISTRICT — Formation Proceedings,” and “APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” See the caption “THE DISTRICT.”

Under the Indenture, the District has pledged to repay the Bonds and any Parity Bonds (as defined herein) from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and from other amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) established under the Indenture. The Special Taxes are the primary source of security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, to the limited extent described in the Indenture. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund.”

Foreclosure Proceeds. The District will covenant in the Indenture for the benefit of the owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against any parcel with either (A) at least four (4) consecutive installments of delinquent Special Taxes or (B) delinquent Special Taxes in excess of \$10,000 on any one parcel, in each instance by the December 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District may elect to defer foreclosure proceedings on any parcel so long as the amount on deposit in the Reserve Account is at least equal to the Reserve Requirement, and such delinquencies will not cause moneys in the Reserve Account to be withdrawn on the next succeeding Interest Payment Date. The District will covenant that it will deposit the net proceeds of any foreclosure in the Special Tax Fund. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — Proceeds of Foreclosure Sales.” There is no assurance that the property within the District can be sold for the appraised values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See the caption “SPECIAL RISK FACTORS—Property Values.”

EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND AMOUNTS HELD UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN.

Appraisal Report

The District has obtained an appraisal of the land and existing improvements within the District (the “Appraised Property”) dated January 15, 2024, with a date of value as of December 15, 2023 (the “Appraisal Report”). The Appraisal was prepared by Capital Realty Analysts, San Marcos, California (the “Appraiser”). The Appraiser is of the opinion that, based upon the assumptions and conditions contained in the Appraisal Report, the market value of the Appraised Property, as of December 15, 2023 (the “Date of Value”), was \$176,855,000. See “APPENDIX C — APPRAISAL REPORT.”

Based on such appraised value of the Appraised Property and the estimated amount of land secured debt allocated to parcels within the District, the overall value-to-lien ratio of the property within the District is approximately ____*. See “THE DISTRICT — Appraisal Report, “APPENDIX C — APPRAISAL REPORT” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

* Preliminary, subject to change.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in “Authorized Denominations”, defined to mean any integral multiple of \$5,000 in excess thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. See “THE BONDS — General Provisions.” Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture.

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See “APPENDIX F — BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption, extraordinary redemption and mandatory sinking fund redemption prior to maturity as described herein. See the caption “THE BONDS — Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see the caption “THE BONDS” and “APPENDIX D — SUMMARY OF THE INDENTURE.”

Tax Exemption

In the opinion of Richards, Watson & Gershon, A Professional Corporation, (“Bond Counsel”), under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, however for tax years beginning after December 31, 2022, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose for computing the alternative minimum tax imposed on certain corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal income taxes imposed only on certain corporations. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. See the caption “TAX EXEMPTION.”

Set forth in Appendix B is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain tax consequences incident to the ownership of the Bonds, see the caption “TAX EXEMPTION.”

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture. Piper Sandler & Co. (the “Underwriter”) is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Indian Wells, City Attorney, and Best Best & Krieger LLP, Riverside, California, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. Other professional services have been performed by Del Rio Advisors, LLC, Modesto, California, as Municipal Advisor, Willdan Financial Services, Temecula, California, as Special Tax Consultant (the “Special Tax Consultant”), by and by Capital Realty Analysts, San Marcos, California, as Appraiser.

For information concerning circumstances in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see the caption “FINANCIAL INTERESTS.”

Continuing Disclosure

Pursuant to a District Continuing Disclosure Agreement to be executed by the District and Willdan Financial Services, as dissemination agent (the “District Continuing Disclosure Agreement”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), maintained on the Internet at <http://emma.msrb.org>, certain annual financial information and operating data and notices of certain enumerated events. These covenants are being made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (“Rule 15c2-12”). Pursuant to a Developer Continuing Disclosure Certificate (the “Developer Continuing Disclosure Certificate”) to be executed by UPI and Toll, UPI and Toll will agree to provide, or cause to be provided, to EMMA certain information relating to the development of the Project on an annual basis and notices of certain enumerated events.

See “CONTINUING DISCLOSURE” and “APPENDIX E — FORMS OF DISTRICT CONTINUING DISCLOSURE AGREEMENT AND DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

Parity Bonds

In 2021, the City issued \$15,200,000 City of Palm Desert Community Facilities District No. 2021-1 (University Park) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”). The Bonds are being issued as Parity Bonds with respect to the Series 2021 Bonds. The District may issue additional indebtedness secured by the Net Taxes on a parity with the Bonds, which include the Series 2021 Bonds (“Parity Bonds”). See the caption “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds.” Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may also be levied in the future on the property within the District, which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See the captions “THE DISTRICT — Direct and Overlapping Debt” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

The District expects to issue additional series of bonds up to the remaining balance of bond authorization, which bonds are expected to be secured by Net Taxes on a parity with the Bonds. Such Parity Bonds are expected to be issued once property values within the District meet the minimum value-to-lien requirements required under the Parity Bonds test in the Indenture. See “SPECIAL RISK FACTORS – Effect of Parity Bonds on Credit Quality.”

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some types of investors.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the Constitution and laws of the State, as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and

with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined in this Official Statement have the meanings set forth in Appendix D.

Copies of the Indenture and other documents and information are available for inspection and copies may be obtained from the City, 73510 Fred Waring Drive, Palm Desert, California, 92260, Attention: City Clerk.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds

Principal Amount of Bonds
 Plus: Original Issue Premium
 Less: Underwriter’s Discount
 Total Sources

Uses of Funds:

Improvement Fund
 Costs of Issuance Fund⁽¹⁾
 Reserve Account of the Special Tax Fund
 [Capitalized Interest Account]
 Total Uses

⁽¹⁾ To pay costs of issuing the Bonds, including legal fees, printing costs, Municipal Advisor, Bond Counsel, Disclosure Counsel, Appraiser, Special Tax Consultant and Trustee fees.

PLAN OF FINANCE

A portion of the proceeds of the Bonds will used to finance certain public improvements necessary to meet the increased demands placed upon the public infrastructure, the City, and CVWD as a result of the development of the property within the District.

The following table lists the facilities expected to be financed with the proceeds of the Bonds and the estimated costs:

<u>Description of Facilities</u>	<u>Estimated Costs</u>
Approved Phase 1 Facilities	
CVWD1-B(b)	\$ 2,127,400.81
CVWD – Reservoir Facility Payment #3	596,460.23
CVWD Sewer & Domestic Water #2	264,597.02
City Storm Drain #2, City Streets, Site Amenities, Misc.	4,339,903.27
Pending Phase 1 Facilities	
CVWD Payment for Well Site	2,500,000.00
Phase 2 Facilities	
CVWD – Phase 2	2,675,000.00
City of Palm Desert – Phase 2	<u>4,790,639.00</u>
Total	\$17,294,000.33

Source: UPI

Pursuant to a Special Domestic Water System Installation Agreement between UPI and CVWD (the “Water Installation Agreement”), UPI is required to contribute to the costs of CVWD’s construction of certain reservoir facilities, and invoicing for the reservoir facilities commenced in April 2021. UPI is invoiced monthly

by CVWD for 14.5% of the cost of the reservoir facilities based on monthly invoices received by CVWD from its contractor. Construction of the reservoir facilities has been completed.

THE BONDS

Authority for Issuance

The Act was adopted by the State Legislature to provide an alternate method of financing certain public capital facilities and services, especially in developing areas of the State. Once duly established by a local governmental agency, a community facilities district such as the District is itself a legally constituted governmental entity, with the governing board or legislative body of the local agency that established it constituting the legislative body of such community facilities district. Subject to approval by a two-thirds vote of a community facilities district's qualified electors and compliance with the provisions of the Act, the legislative body may authorize the issuance of bonds for the community facilities district in order to finance certain public improvements, and the legislative body may levy and collect a special tax within such community facilities district to repay such indebtedness.

The specific actions taken by the City Council to form the District, authorize the levy of the Special Tax on the Taxable Property (as defined in the Rate and Method) within the District and authorize the issuance of the Bonds are described under the caption "THE DISTRICT — Formation Proceedings."

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing [September 1, 2024] (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in Authorized Denominations.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day (each, a "Record Date") but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest on outstanding Bonds are in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment, or, if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Principal of, premium, if any, due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in Authorized Denominations, as described more particularly above in this section. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See "APPENDIX F — BOOK-ENTRY-ONLY SYSTEM."

In the event the Bonds are not held in book-entry form, interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books kept by the Trustee. Pursuant to a written request prior to the Record Date of a Bondowner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

The Bonds are not general or special obligations of the City but are special obligations of the District payable solely from Net Taxes and the other amounts held under the Indenture in the Special Tax Fund (other than the Administrative Expenses Account therein), including the Reserve Account therein. Neither the faith and credit nor the taxing power of the City, the District (except to the limited extent set forth in the Indenture), the State or any political subdivision thereof is pledged to the payment of the Bonds. See the caption “SPECIAL RISK FACTORS — Limited Obligations.”

Debt Service Schedule

The following table presents the annualized debt service on the Bonds and Series 2021 Bonds (including sinking fund redemptions), assuming that there are no optional or extraordinary redemptions. See the caption “— Redemption” below.

<u>Year Ending September 1</u>	<u>Series 2021 Bonds Debt Service</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total Debt Service</u>
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
Total				

Source: The Series 2021 Bond debt service is provided by the Trustee. The Bond debt service is provided by the Underwriter.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 20__ shall be subject to call and redemption prior to maturity and may be redeemed, at the option of the District, from any source of funds on any date on or after September 1, 20__ in whole, or in part, from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date::

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District will give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee will be given at least 45 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Trustee.

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

Term Bonds Maturing September 1, 20__

**Sinking Fund Redemption Date
(September 1)**

Sinking Payments

(maturity)

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date
(September 1)

Sinking Payments

(maturity)

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date
(September 1)

Sinking Payments

(maturity)

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

Purchase of Bonds in Lieu of Redemption. If during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least forty-five (45) days prior to the redemption date, the District shall notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the applicable maturity of the Bonds so purchased. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to the Original Indenture.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

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

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

The District will give written notice to the Trustee of its intention to redeem Bonds pursuant to extraordinary redemption, the redemption date, and the principal amount of the Bonds and of each maturity to be redeemed at least 45 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be sent by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See “APPENDIX F — BOOK-ENTRY ONLY SYSTEM.”

The Trustee will give notice, in the name of the District, of the redemption of Bonds or Parity Bonds. Such notice of redemption will: (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all of the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as specified by the Trustee. Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond or Parity Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee will mail a copy of such notice of redemption, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any Bond or Parity Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties and the Owner is not entitled to show that he or she failed to receive notice of such redemption.

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

Each further notice of redemption will be sent (i) not later than two (2) Business Days before the date that notice of redemption is mailed to the Bondowners pursuant to the Indenture, to the Depository in such electronic format and manner as specified by the Depository and to any other registered securities depositories (in such electronic format and manner as specified thereby) then in the business of holding substantial amounts of obligations of types comprising the Bonds and Parity Bonds as determined by Trustee, and (ii) not later than the date that notice of redemption is mailed to the Bondowners pursuant to the Indenture, to the Information Services in such electronic format and manner as specified by the Information Services.

The District will have the right to rescind any optional redemption by written notice to the Trustee one (1) Business Day prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds or Parity Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose will to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

Selection of Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the Trustee will select the Bonds or Parity Bonds to be redeemed from all Outstanding Bonds or Parity Bonds of such Series or such given portion thereof not previously called for redemption, on a pro rata basis among the maturities (unless the maturity or maturities are otherwise specified in the Indenture or in writing by the District) and by lot within a maturity in any manner which the Trustee in its discretion deems appropriate. For purposes of such selection, all Bonds or Parity Bonds of a denomination of more than \$5,000 will be deemed to be comprised of separate \$5,000 portions, and such portions will be treated as separate Bonds or Parity Bonds, as applicable, which may be separately redeemed. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. The Trustee shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

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

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (a) the Bonds and Parity Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture or in any Supplemental Indenture with respect to Parity Bonds, anything in the Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding; (b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds and Parity Bonds will be paid to the Owners thereof; (c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, will cease to bear further interest; and (d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Registration, Transfer and Exchange

Registration. The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which will upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in the Indenture, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as provided in the Indenture.

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

Transfer or Exchange. Any Bond, or any portion thereof, may only be transferred in principal amounts equal to Authorized Denominations. No transfers of Bonds shall be required to be made (a) during a period of fifteen (15) days next preceding any selection of the Bonds or Parity Bonds to be redeemed, or (b) with respect to Bonds or Parity Bonds which have been selected for redemption.

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

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

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Net Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses in an amount not to exceed the Administrative Expenses Priority Amount (as defined in the Indenture)) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expenses Account therein). Net Taxes consist of a portion of the Special Taxes levied on the Taxable Property in the District pursuant to the Rate and Method. The Indenture defines "Net Taxes" as Gross Taxes minus amounts set aside to pay Administrative Expenses not to exceed the Administrative Expenses Priority Amount. The term "Gross Taxes" means (i) the amount of all Special Taxes received by the District,

together with (ii) the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions. The Administrative Expenses Priority Amount is equal to \$50,000 per Bond Year, escalating by 2% each Bond Year commencing July 1, 2022.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions, and amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expenses Account therein), including amounts held in the Reserve Account therein, for the exclusive benefit of the Owners of the Bonds.

As described in more detail under “— Special Tax Fund” below, the Trustee will transfer the Special Taxes on deposit in the Special Tax Fund to the various specified accounts and funds established and held by the Trustee under the Indenture in a specified order of priority, in certain amounts, and at certain specified times during each Bond Year. Following the deposits specified in the Indenture to the Administrative Expenses Account, the Interest Account, the Principal Account, the Redemption Account, and the Reserve Account of the Special Tax Fund, remaining Special Taxes (if any), are transferred to the Rebate Fund and the Surplus Fund. Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Improvement Fund, the Costs of Issuance Fund, or the Administrative Expenses Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners of the Bonds or any Parity Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Furthermore, the obligations of the property owners within the District to pay Special Taxes are nonrecourse and none of such property owners or any of their respective members, partners, managers and officers has any personal liability with respect to the Bonds. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*” See “APPENDIX D — SUMMARY OF THE INDENTURE.”

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on April 22, 2021 for the purpose of financing of various public improvements required in connection with the proposed development within the District. At a special election held on May 13, 2021, the qualified electors within the District authorized the District to incur indebtedness in an amount not to exceed \$50,000,000 for the District and the levy of the Special Taxes on property within the District to repay such bonds and to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, which are generally comprised of storm drainage, water and sewer facilities, roadway, landscaping and other public facilities of the City and sewer facilities and other public facilities of CVWD. The qualified electors within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness of the District, including the Bonds. The term “Special Tax” means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, and penalties and interest thereon.

The Bonds will be repaid only from annual Net Taxes derived from the levy and collection of Special Taxes pursuant to the Rate and Method. The Rate and Method permits the prepayment of Special Taxes for an Assessor's Parcel, and any such Prepayments will be applied to redeem Bonds and Parity Bonds, if any. The Net Taxes collected from the annual Special Tax levy and the proceeds of any Prepayment have been pledged under the Indenture to the repayment of the Bonds and Parity Bonds.

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See “— *Rate and Method of Apportionment of Special Tax*” and “APPENDIX A —RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” There is no assurance that the Net Taxes will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS—Insufficiency of Special Tax Revenues.”

Rate and Method of Apportionment of Special Tax. The District is legally authorized and will covenant in the Indenture to cause the levy of the Special Taxes in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX A.

Assignment to Land Use Categories. Each Fiscal Year, beginning with Fiscal Year 2021-22, each Assessor's Parcel within the District will be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property will be further classified as Developed Property, Approved Property, Undeveloped Property, Provisional Welfare Property, or Provisional Property and as being in Zone 1, Zone 2 or Zone 3. Each Assessor's Parcel of Developed Property will be classified as Single Family Property, Apartment Property, or Non-Residential Property. Each Assessor's Parcel of Single Family Property will be classified according to its applicable Land Use Class based on its Building Square Footage.

Exempt Property. The CFD Administrator will classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Lower Income Households Welfare Exemption Property, and (vi) Assessor's Parcels classified as Non-Residential Property, provided that no such classification would reduce the sum of all Taxable Property in the District to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3. Assessor's Parcels of Lower Income Households Welfare Exemption Property which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in the District to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3 shall be classified as Provisional Welfare Property and will continue to be subject to the Special Taxes accordingly. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in the District to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3 shall be classified as Provisional Property and will continue to be subject to the District Special Taxes accordingly. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property, except for Non-Residential Property, which will be assigned tax exempt status only after all other eligible property types have been classified as Exempt Property.

Maximum Special Tax, Assigned Special Tax and Backup Special Tax.

Maximum Special Tax. The Maximum Special Tax for Developed Property and Provisional Welfare Property shall be the greater of the Assigned Special Tax for Developed Property and Provisional Welfare Property or the Backup Special Tax for Developed Property and Provisional Welfare Property.

The Maximum Special Tax for Provisional Property, Approved Property, and Undeveloped Property commencing in Fiscal Year 2024-25 will be \$16,363 per Acre for Zone 1, \$20,505 per Acre for Zone 2 and \$24,049 per Acre for Zone 3. The Maximum Special Tax for Provisional Property, Approved Property and Undeveloped Property will be increased by two percent (2%) of the amount in effect in the prior Fiscal Year on each July 1, beginning July 1, 2022.

Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property or Provisional Welfare Property is shown in Tables 1-3 of Section C of the Rate and Method attached as APPENDIX A, which rates increase will increase by two percent (2%) of the amount in effect in the prior Fiscal Year on each July, beginning July 1, 2022. The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed or Provisional Welfare Property in Fiscal Year 2024-25 ranges from \$2,441 to \$1,353 per Residential Unit for Zone 1; \$3,210 to \$2,626 per Residential Unit for Zone 2; and \$2,441 to \$796 per Residential Unit for Zone 3.

Backup Special Tax. The Backup Special Tax for Developed Property and Provisional Welfare Property in Fiscal Year 2024-25 will be \$16,363 per Acre for Zone 1; \$20,505 per Acre for Zone 2 and \$24,049 per Acre for Zone 3, which will increase by two percent (2%) of the amount in effect in the Prior Fiscal Year on each July 1, beginning July 1, 2022.

Method of Apportionment of Special Tax. Each Fiscal Year, beginning with Fiscal Year 2021-22, the CFD Administrator will levy the Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after Step 2 has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax for Undeveloped Property.

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the Maximum Special Tax for Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Welfare Property in an amount up to 100% of the Maximum Special Tax for Provisional Property.

Step 6: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax for Provisional Property.

“Special Tax Requirement” is defined in the Rate and Method to mean that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the

Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Approved Property, Undeveloped Property, or Provisional Property, until the date that all Bonds have been issued; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year on any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor's Parcel within the District by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

Prepayment of Special Tax. The Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Property that has been included in a Final Map may be prepaid in full, or in part, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment, provided that the terms set forth under Section F of the Rate and Method are satisfied. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus the Future Facilities Costs plus the Defeasance Amount plus the Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds, and less a credit for the resulting reduction in capitalized interest (if any), all as specified in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section F." The Bonds are subject to extraordinary redemption from any such prepayments. See "THE BONDS — Redemption — *Extraordinary Redemption from Special Tax Prepayments.*"

Mandatory redemption of Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Bonds if the Bonds were purchased at a price greater than par. See "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Estimated Debt Service Coverage. In connection with the issuance of the Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each Fiscal Year on Assessor's Parcels within the District classified as Taxable Property will be at least equal to the sum of: (i) 110% of Maximum Annual Debt Service on the Bonds and the Series 2021 Bonds; plus (ii) the Administrative Expenses Priority Amount of \$50,000 that will escalate by two percent (2%) annually beginning July 1, 2022. Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

Even if the Maximum Special Tax, if levied in accordance with the Rate and Method, would produce coverage levels which are higher than 110% of debt service in certain circumstances, because of the limitations imposed by Section 53321(d) of the Act, investors should assume that the maximum amount that could be levied in any Fiscal Year is the amount that would produce 110% of debt service due on the Bonds in the corresponding Bond Year.

Section 53321(d) of the Act provides that the special tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel 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.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District.

The District will covenant in the Indenture that each year it will levy Special Taxes, subject to the maximum rates permitted under the Rate and Method, in an amount equal to the Special Tax Requirement (as defined in the Rate and Method) which includes, but is not limited to, sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and Parity Bonds, to replenish the Reserve Account to the Reserve Requirement and to pay Administrative Expenses.

The District will make certain covenants in the Indenture which are intended to ensure that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds, Parity Bonds and Administrative Expenses when due.

First, the District will covenant in the Indenture that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Second, the District will covenant in the Indenture, to the maximum extent that the law permits it to do so, not to initiate proceedings to reduce the maximum Special Tax rates for the District.

Third, the District will covenant in the Indenture that, in the event that any initiative is adopted by the qualified electors within the District which purports to reduce the maximum Special Tax below the levels specified in the preceding paragraph or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants. The District can provide no assurance that any such legal action will be successful. See the caption "SPECIAL RISK FACTORS — Proposition 218."

Fourth, the District will covenant in the Indenture that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in the District. See the captions "THE DISTRICT—Direct and Overlapping Debt" and "SPECIAL RISK FACTORS—Direct and Overlapping Indebtedness." There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described under the caption "SPECIAL RISK FACTORS."

Collection of Special Taxes and Flow of Funds. The Special Taxes will be levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District. When the County apportions Special Taxes to the District, the District will transmit the Special Taxes to the Trustee for deposit in the Special Tax Fund established by the Indenture.

Covenant for Superior Court Foreclosure

The net proceeds received following a judicial foreclosure sale of property within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, the City Council, as the legislative body of the District, may covenant for the benefit of the Owners of the Bonds to commence and diligently pursue a Superior Court action

to foreclose the lien within specified time limits to collect delinquent installments of Special Taxes. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant in the Indenture for the benefit of the owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against any parcel with either (A) at least four (4) consecutive installments of delinquent Special Taxes or (B) delinquent Special Taxes in excess of \$10,000 on any one parcel, in each instance by the December 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District may elect to defer foreclosure proceedings on any parcel so long as the amount on deposit in the Reserve Account is at least equal to the Reserve Requirement, and such delinquencies will not cause moneys in the Reserve Account to be withdrawn on the next succeeding Interest Payment Date.

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

Notwithstanding the foregoing, the Indenture provides that, if at any time, the County's Teeter Plan (adopted pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code) is in effect and is made applicable to the District and the Special Taxes being levied in connection with the Bonds, the District may, in its discretion, elect not to commence any judicial foreclosure proceeding pursuant to the foregoing provisions or defer the commencement of such proceedings until such time as the District deems appropriate. See "District Not Included in Teeter Plan" below. If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed unless the foreclosure proceedings produce sufficient net foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See the caption "SPECIAL RISK FACTORS — Enforcement Delays — Bankruptcy" and "— FDIC/Federal Government Interests in Properties." Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the net proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See the caption "SPECIAL RISK FACTORS — Property Values." Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

The mere commencement of foreclosure proceedings will not assure a prompt and favorable resolution of Special Tax delinquencies. The ability of the District to foreclose the lien of delinquent unpaid Special Taxes may be limited. See "SPECIAL RISK FACTORS — Enforcement Delays — Bankruptcy" and "— FDIC/Federal Government Interests in Properties." Moreover, even if a judgment of foreclosure and order of sale is obtained, the District must cause a notice of levy to be issued. Under current law, the property owner has 120 days from the date of service of the notice of levy in which to redeem the subject property. If the property owner fails to redeem the property and it is sold, the property owner's only remedy is an action to set aside the sale, which action must be brought within 90 days of the date of sale. If such an action results in the setting aside of the foreclosure sale, the judgment is revived, and the District would be entitled to receive interest on the revived judgment as if the sale had not been made. Under former law a property owner had a period of one year within which to redeem property to be sold, and the constitutionality of the legislation that eliminated the one year redemption period has not been tested.

There can be no assurance that, even if the subject property is sold, the proceeds from such sale will be sufficient to pay the delinquent installments of the Special Tax. The Act does not require the District or any other governmental agency to purchase or otherwise acquire any Assessor's Parcel being sold if there is no other purchaser at such sale. The Act does require that property being sold pursuant to foreclosure under the Act must be sold for not less than the judgment amount (which must include reasonable attorneys' fees, together with interest, penalties, and other authorized charges and costs) plus post judgment interest and authorized costs, unless a lower bid price is authorized by the Owners of not less than 75% by value of the Bonds Outstanding.

Special Tax Fund

Except for Prepayments, which will be deposited with the Trustee, together with a Certificate of Authorized Representative designating such Special Taxes as Prepayments and specifying the respective amounts to be deposited in the various funds and accounts held under the Indenture. The Trustee will, on or promptly after each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. In general, the Indenture provides that the Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates, in the amounts and in the following order of priority, to:

- First: To the Administrative Expenses Account in an amount up to the Administrative Expenses Priority Amount.
- Second: To the Interest Account, an amount such that the balance in the Interest Account three (3) Business Days prior to each Interest Payment Date is equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.
- Third: To the Principal Account, an amount such that the balance in the Principal Account three (3) Business Days prior to September 1 of each year, commencing September 1, 2022, is equal to the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.
- Fourth: To the Redemption Account, the amount needed to make the balance in the Redemption Account three (3) Business Days prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1 and thereafter, to pay the principal and premium, if any, due in connection with an optional redemption of Bonds or Parity Bonds; provided, in the event of a shortfall of amounts on deposit in the Special Tax Fund (such shortfall being determined excluding amounts on deposit in, and prior to drawing upon, the Reserve Account) to make the transfers to the Principal Account and to the Redemption Account (pursuant to the paragraph immediately above and this paragraph) necessary to pay in full both (x) the principal payment due on the Bonds and any Parity Bonds maturing on the applicable September 1 and (y) the Sinking Fund Payment due on any Outstanding Bonds and any Parity Bonds on such September 1, the Trustee shall transfer the available amount from the Special Tax Fund to the Principal Account and the Redemption Account on a pro rata basis (calculated with reference to the respective principal payment and Sinking Fund Payment coming due and payable on such September 1) at least three (3) Business Days prior to such September 1.
- Fifth: To the Reserve Account of the Special Tax Fund to the extent necessary to replenish the Reserve Account to the Reserve Requirement.

- Sixth: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.
- Seventh: To the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers as soon as practicable after each September 1, and in any event prior to each October 1. Unless on or prior to such date, the Trustee has received a Certificate of Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes in such Fiscal Year.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys or one or more Reserve Policies or any combination thereof, which in the aggregate make funds available equal to the Reserve Requirement. "Reserve Requirement" with respect to the Bonds is defined in the Indenture to mean, as of the date of calculation an amount equal to the least of: (i) Maximum Annual Debt Service on the then Outstanding Bonds of such Series; (ii) 10% of the original amount of the Bonds ("amount" meaning the principal amount of the Bonds, unless the Bonds were issued with original issue discount greater than two percent of the principal amount, or original issue premium greater than the sum of two percent of the principal amount plus original issue premium attributable exclusively to reasonable underwriters' compensation, in which case "amount" means issue price); or (iii) 125% of average Annual Debt Service on the then Outstanding Bonds of such Series; provided, if as of a date following the Delivery Date for the Bonds, the foregoing calculation results in an amount greater than the initial Reserve Requirement for the Bonds (calculated as of the Delivery Date for the Bonds), then the amount of the "Reserve Requirement" shall not increase and in such event shall mean the amount of the initial Reserve Requirement for the Bonds (calculated as of the Delivery Date for the Bonds) until such time as the foregoing calculation results in a lower amount.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District will covenant in the Indenture to levy Special Taxes in an amount sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied: (i) to pay debt service on the Bonds, or any Parity Bonds, including Sinking Fund Payments, to the extent that other monies are not available therefor; (ii) to redeem Bonds or Parity Bonds in the event of prepayment of Special Taxes, to optionally redeem Bonds or Parity Bonds or in connection with a partial defeasance of Bonds or Parity Bonds, so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement (taking into account Outstanding Bonds and Parity Bonds after such redemption or partial defeasance) and in accordance with the Indenture; and (iii) to pay any rebate requirements, to the extent of Net Taxes remaining following the deposits required by the Indenture each Bond Year to the Interest Account, the Principal Account, the Redemption Account, and to the Reserve Account if needed to replenish the Reserve Requirement. See "— Special Tax Fund" above.

District Not Included In Teeter Plan

The Riverside County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. While the City's ad valorem taxes are included in the Teeter Plan, the District will not be included in the Teeter Plan. Consequently, the District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payment.

Parity Bonds

The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds issued under the Indenture or under any Supplemental Indenture, provided, however, Parity Bonds may only be issued for the purposes of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding or for financing the Project Costs or other purposes of the District in an original principal amount not to exceed, together with the original principal amount of the Bonds, the Series 2021 Bonds and any new money Parity Bonds, \$50 million. Parity Bonds issued are subject to certain specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds, including but not limited to the following:

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

(b) The issuance of such Parity Bonds has been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds has been provided for by a Supplemental Indenture duly adopted by the District containing the specifications set forth in the Indenture.

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

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

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

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

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

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

(6) where the Parity Bonds are being issued other than to refund the Bonds or other Parity Bonds, a Certificate of the Special Tax Administrator certifying that (i) the maximum Special Taxes that may be levied in each Fiscal Year net of the Administrative Expenses Priority Amount is at least 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year; and (ii) the Value of District Property is not less than four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax. For purposes of the foregoing Certificate of Special Tax Administrator, all calculations shall consider the Parity Bonds proposed to be issued to be Outstanding. If all or any portion of the Parity Bonds are issued as Escrow Bonds, each time that amounts are to be released from the escrow account established under a Supplemental Indenture, as a condition of such release, the Trustee shall have received a Certificate of the Special Tax Administrator certifying that (x) following such release, the requirements of (i) and (ii) above will be satisfied, and (y) the amount of Special Taxes levied in such Fiscal Year and to be levied in the following Fiscal Year, together with amounts on deposit in the Interest Account, will be sufficient to pay the principal of and interest on all Outstanding Bonds and Parity Bonds (other than the remaining Escrow Bonds). For purposes of any Escrow Bonds release test, there will be allocated to the property in the District the largest principal amount of Bonds that results in a Value of District Property at least four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax; and

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

See “APPENDIX D — SUMMARY OF THE INDENTURE” for summary of other conditions precedent to issuance of such Parity Bonds.

Estimated Combined Debt Service Schedule

The following table presents an estimated debt service on the Bonds and the Series 2021 Bonds, assuming there are no optional or extraordinary redemptions. See the caption “—Redemption.”

Bond Year Ending (September 1)	Maximum Special Tax from Developed Property	Maximum Special Tax at Buildout	Annual Costs	2024 Debt Service^{(1)§}	2021 Debt Service^{(1)*}	Debt Service and Administration	Debt Service Coverage from Developed Property*	Debt Service Coverage at Buildout*
2024	\$306,164	\$1,977,670	\$52,020	\$306,940	\$873,000	\$1,231,960	21.54%	163.20%
2025	360,519	2,017,224	53,060	656,419	873,550	1,583,029	20.10	128.38
2026	367,729	2,057,568	54,122	670,356	873,800	1,598,278	20.31	129.74
2027	375,084	2,098,720	55,204	678,656	873,750	1,607,610	20.61	131.64
2028	382,586	2,140,694	56,308	691,531	873,400	1,621,239	20.85	133.19
2029	390,237	2,183,508	57,434	708,769	872,750	1,638,953	21.04	134.43
2030	398,042	2,227,178	58,583	724,519	871,800	1,654,902	21.27	135.85
2031	406,003	2,271,722	59,755	739,269	870,550	1,669,573	21.51	137.40
2032	414,123	2,317,156	60,950	753,019	874,000	1,687,968	21.71	138.67
2033	422,405	2,363,499	62,169	770,769	873,000	1,705,937	21.92	140.00
2034	430,853	2,410,769	63,412	782,269	871,400	1,717,081	22.22	141.95
2035	439,471	2,458,985	64,680	797,769	874,200	1,736,649	22.42	143.20
2036	448,260	2,508,164	65,974	817,019	871,200	1,754,193	22.64	144.66
2037	457,225	2,558,327	67,293	829,769	872,600	1,769,662	22.91	146.33
2038	466,370	2,609,494	68,639	846,269	873,200	1,788,108	23.13	147.77
2039	475,697	2,661,684	70,012	866,269	873,000	1,809,281	23.33	149.01
2040	485,211	2,714,918	71,412	879,100	872,000	1,822,512	23.63	150.96
2041	494,915	2,769,216	72,841	900,394	870,200	1,843,434	23.84	152.29
2042	504,813	2,824,600	74,297	919,638	872,600	1,866,535	24.02	153.46
2043	514,910	2,881,092	75,783	936,831	869,000	1,881,615	24.32	155.35
2044	525,208	2,938,714	77,299	956,975	869,600	1,903,874	24.52	156.65
2045	535,712	2,997,488	78,845	978,488	869,200	1,926,532	24.73	157.96
2046	546,426	3,057,438	80,422	997,313	872,800	1,950,534	24.92	159.19
2047	557,355	3,118,587	82,030	1,013,450	870,200	1,965,680	25.23	161.21
2048	568,502	3,180,959	83,671	1,036,900	871,600	1,992,171	25.40	162.29
2049	579,872	3,244,578	85,344	1,052,125	871,800	2,009,269	25.70	164.21
2050	591,469	3,309,469	87,051	1,073,400	870,800	2,031,251	25.94	165.75
2051	603,299	3,375,659	88,792	1,096,100	873,600	2,058,492	26.12	166.87
2052	615,365	3,443,172	90,568	1,119,950	-	1,210,518	46.86	299.35
2053	627,672	3,512,035	92,379	1,144,675	-	1,237,054	46.76	298.74

⁽¹⁾ Debt service for each Bond Year ending September 1 will be paid from Special Taxes collected during the immediately preceding fiscal year. For example, debt service for the Bond Year ending September 1, 2024 will be paid from Special Taxes levied and collected during Fiscal Year ending June 30, 2024.

Source: The Underwriter.

§ Preliminary, subject to change.

THE DISTRICT

General Description of the District

The District is located north of Frank Sinatra Drive, south of Gerald Ford Drive, west of Cook Street and east of Portola Avenue. The area is locally known as “University Park,” due to the location immediately west of the facilities and future facility expansion area of the satellite campus of California State University, San Bernardino and University of California at Riverside, at the northeast corner of Frank Sinatra Drive and Cook Street.

The District consists of approximately 175 gross acres. As of January 1, 2024, UPI is responsible for approximately 28% of the Fiscal Year 2023-24 Special Tax, Toll is responsible for approximately 47.5% of the Fiscal Year 2023-24 Special Tax, and individual homeowners are responsible for approximately 24.6% of the Fiscal Year 2023-24 Special Tax. See “SPECIAL RISK FACTORS — Concentration of Ownership” herein. The Project is made up of five separate project areas which are planned to include 1,069 units at buildout consisting of eight product types of for-sale single-family detached homes, for-sale attached townhomes and for-rent multifamily apartments and single-family homes.

The Project is being developed by UPI, the master developer within the District. UPI is managed by MVP, who manages the day-to-day operations and development of the Project. Toll is responsible for the development and sale of 169 lots in Area No. 3 of the Project. Individual homeowners own 105 lots within Area No. 1, as of January 1, 2024.

See the captions “THE DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for further information with respect to the District, UPI, Toll, MVP and development within the District.

Investment in the Bonds involves risks that are not appropriate for certain investors. Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

A map showing the location of the District appears following the Table of Contents.

Formation Proceedings

The District was formed on April 22, 2021 pursuant to the Act. The Act was enacted to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, on March 11, 2021, the City Council adopted Resolution No. 2021-05 (the “Resolution of Intention”), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District, and Resolution No. 2021-06, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing the purchase, construction, expansion or rehabilitation of certain public facilities to serve the area within the District.

Subsequent to a noticed public hearing on April 22, 2021, the City Council adopted certain resolutions (collectively, the “Resolution of Formation”). The Resolution of Formation: (i) established the District; (ii) authorized the levy of a special tax (the “Special Tax”) within the District; (iii) determined the necessity to incur bonded indebtedness in an amount not to exceed \$50,000,000 within the District; and (iv) called an election within

the District on the proposition of incurring bonded indebtedness, levying the Special Tax and setting an appropriations limit.

On May 13, 2021, an election was held within the District in which the property owners within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed \$50,000,000 to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property described in the Resolution of Formation, which are generally comprised of storm drainage, street improvements, landscaping and irrigation, public open space and recreational facilities and other public facilities of the City and water, sewer and other public facilities of CVWD. A Notice of Special Tax Lien for the District was recorded in the office of the County Recorder on May 25, 2021, as Document No 2021-0320187. On May 27, 2021, the City Council adopted Ordinance No. 1365 (the “Ordinance”) which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment approved at the May 13, 2021, election (the “Rate and Method”), a copy of which is attached hereto as Appendix A. The Ordinance will become effective 30 days from the date of adoption. Any successful challenge of the Ordinance, if not cured, may have an adverse impact on the ability of the District to levy the Special Taxes necessary to pay debt service on the Bonds.

The City, the District and UPI have entered into that certain Acquisition Agreement pursuant to which the City will acquire from UPI certain storm drainage, street improvements, landscaping and irrigation, public open space and recreational facilities and other public facilities.

The City, CVWD and UPI also entered into that certain Joint Community Facilities Agreement, dated June 8, 2021, pursuant to which CVWD would acquire from UPI certain water and sewer improvements to be owned by CVWD.

The District expects to issue additional series of bonds up to the remaining balance of bond authorization, which bonds are expected to be secured by Net Taxes on a parity with the Bonds and Series 2021 Bonds. Such Parity Bonds are expected to be issued once development progresses in the District. See “SPECIAL RISK FACTORS – Effect of Parity Bonds on Credit Quality.”

Description of Authorized Facilities

The City, the District and UPI have entered into that certain Acquisition Agreement pursuant to which the City will acquire from UPI certain street improvements, storm drainage, landscaping and irrigation, public open space and recreational facilities, and other improvements to be owned by the City. Proceeds of the Bonds are expected to be used to pay for a portion of such acquisition.

The City, CVWD and UPI have also entered into that certain Joint Community Facilities Agreement pursuant to which CVWD will acquire from UPI certain water and sewer system improvements to be owned by CVWD. Proceeds of the Bonds are expected to be used to pay for a portion of such acquisition.

The expected total cost of the facilities eligible to be financed with the proceeds of bonds to be issued by the District (the “Facilities”), based on the current estimated cost of the Facilities, is approximately [\$_____]. The Facilities consist of street and bridge improvements, curbs and gutters, sidewalks, trails, medians, traffic signalization and signage, street lights, utilities, storm water drainage, on and off-site detention and treatment facilities, and landscaping and irrigation related thereto, sewer collection and conveyance facilities, land and facilities for parks and recreational uses, fire facilities and equipment, library facilities and equipment, transit facilities, fiber optic telecommunication facilities, general government office, administrative and meeting facilities, bus and rapid transit facilities and land, rights of way and easements necessary for any of such facilities.

The cost of the Facilities necessary to serve the property within the District, based on current estimates, is expected to exceed the amount of proceeds of the Series 2021 Bonds, the Bonds and future Parity Bonds available to finance such Facilities. The costs of the Facilities in excess of available proceeds from the sale of the

Bonds and future Parity Bonds that may be issued by the District have been and are expected to continue to be paid for by UPI. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” below.

Direct and Overlapping Debt

The ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments which secure direct and overlapping debt outstanding in the District are set forth in Table 1 below (the “Debt Report”). The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. See “—Expected Tax Burden” below for information regarding other entities levying taxes, assessments or other charges on property in the District. The Debt Report includes the principal amount of the Bonds. The Debt Report has been derived from data assembled and reported to the District by the County as of July 1, 2023. None of the District, the City, or the Underwriter has independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

As discussed under “SPECIAL RISK FACTORS — Parity Taxes and Special Assessments,” the property within the District may be subject to additional taxes and assessments imposed by other public agencies in the future. Table 1 below does not include any authorized and unissued debt of other agencies.

**TABLE 1
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)**

DIRECT AND OVERLAPPING DEBT

Appraised Value as of December 15, 2023: \$176,855,000

<u>DIRECT AND OVERLAPPING ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt as of July 1, 2023</u>
Desert Community College District General Obligation Bonds	0.028%	\$ 137,598
Palm Springs Unified School District General Obligation Bonds	0.074	308,256
City of Palm Desert Community Facilities District No. 2021-1 - Series 2024	100.000	12,000,000
City of Palm Desert Community Facilities District No. 2021-1 - Series 2021	100.000	<u>14,650,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$27,095,854
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.008%	\$ 54,278
Riverside County Pension Obligation Bonds	0.008	<u>59,159</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 113,437
 <u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY):</u>		
		\$ 510,870
 COMBINED TOTAL DEBT		
		\$27,720,161 ⁽¹⁾
 <u>Ratios to Appraised Value:</u>		
Direct Debt (\$26,650,000)	15.07%	
Total Direct and Overlapping Tax and Assessment Debt	15.32%	
Combined Total Debt	15.67%	

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Source: California Municipal Statistics, Inc., Special Tax Consultant.

Expected Tax Burden

Table 2 below sets the effective tax rate of the smallest floorplan by products, based on sale prices provided by UPI.

The expected tax burden of the Special Taxes and other taxes and assessments on individual parcels located within the District will vary among parcels. Actual amounts charged and the effective tax rates may vary and may increase or decrease in future years.

**TABLE 2
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
ESTIMATED SPECIAL TAXES**

<u>Land Use Class</u> <u>Zone</u>	<u>Land Use Type</u>	<u>Building Square Footage</u>	<u>Assigned Special Tax per Residential Unit Fiscal Year 2023-24</u>	<u>Developed Property Fiscal Year 2023-24</u> ⁽¹⁾	<u>Special Taxes for Fiscal Year 2023-24 Developed Property</u> ⁽²⁾	<u>Assigned Special Tax per Residential Unit Fiscal Year 2024-25</u> ⁽³⁾	<u>Developed Property Fiscal Year 2024-25</u> ⁽³⁾	<u>Estimated Special Taxes for Fiscal Year 2024-25 Developed Property</u> ⁽³⁾	<u>Number of Units at Buildout</u>	<u>Projected Special Tax Revenues at Buildout</u> ⁽⁴⁾
1	Single Family Property	Greater Than 2,500	\$2,392.92	0	\$ 0.00	\$2,440.78	0	\$ 0.00	13	\$31,730.12
2	Single Family Property	2,400 - 2,499	2,314.89	10	23,148.90	2,361.19	12	28,334.25	12	28,334.25
3	Single Family Property	2,300 - 2,399	2,262.87	25	56,571.75	2,308.13	28	64,627.57	96	221,580.23
4	Single Family Property	2,200 - 2,299	2,184.84	10	21,848.40	2,228.54	10	22,285.37	18	40,113.66
5	Single Family Property	2,100 - 2,199	2,106.81	9	18,961.29	2,148.95	9	19,340.52	36	77,362.06
6	Single Family Property	2,000 - 2,099	2,002.77	11	22,030.47	2,042.83	11	22,471.08	42	85,798.67
7	Single Family Property	1,900 - 1,999	1,664.64	11	18,311.04	1,697.93	14	23,771.06	55	93,386.30
8	Single Family Property	1,800 - 1,899	1,612.62	15	24,189.30	1,644.87	17	27,962.83	53	87,178.24
9	Single Family Property	Less than 1,800	1,326.51	0	0.00	1,353.04	0	0.00	64	86,594.57
Zone										
1	Single Family Property	Greater Than 3,400	3,147.21	0	0.00	3,210.15	0	0.00	24	77,043.70
2	Single Family Property	3,200 - 3,399	3,095.19	0	0.00	3,157.09	0	0.00	24	75,770.25
3	Single Family Property	3,000 - 3,199	2,991.15	0	0.00	3,050.97	0	0.00	48	146,446.70
4	Single Family Property	2,800 - 2,999	2,913.12	10	29,131.20	2,971.38	13	38,627.97	55	163,426.03
5	Single Family Property	2,600 - 2,799	2,783.07	13	36,179.91	2,838.73	15	42,580.97	59	167,485.15
6	Single Family Property	2,400 - 2,599	2,731.05	11	30,041.55	2,785.67	14	38,999.39	80	222,853.68
7	Single Family Property	2,200 - 2,399	2,705.04	0	0.00	2,759.14	0	0.00	0	0.00
8	Single Family Property	2,000 - 2,199	2,679.03	0	0.00	2,732.61	0	0.00	27	73,780.49
9	Single Family Property	Less than 2,000	2,574.99	10	25,749.90	2,626.49	12	31,517.88	27	70,915.22
Zone										
1	Single Family Property	Greater Than 2,500	2,392.92	0	0.00	2,440.78	0	0.00	0	0.00
2	Single Family Property	2,400 - 2,499	2,314.89	0	0.00	2,361.19	0	0.00	0	0.00
3	Single Family Property	2,300 - 2,399	2,262.87	0	0.00	2,308.13	0	0.00	0	0.00
4	Single Family Property	2,200 - 2,299	2,184.84	0	0.00	2,228.54	0	0.00	0	0.00
5	Single Family Property	2,100 - 2,199	2,106.81	0	0.00	2,148.95	0	0.00	0	0.00
6	Single Family Property	2,000 - 2,099	2,002.77	0	0.00	2,042.83	0	0.00	0	0.00
7	Single Family Property	1,900 - 1,999	1,664.64	0	0.00	1,697.93	0	0.00	0	0.00
8	Single Family Property	1,800 - 1,899	1,612.62	0	0.00	1,644.87	0	0.00	0	0.00
9	Single Family Property	Less than 1,800	1,326.51	0	0.00	1,353.04	0	0.00	0	0.00
10	Apartment Property		780.30	0	0.00	795.91	0	0.00	336	267,424.42
11	Non Residential Property		N/A	0	N/A	N/A	0	N/A	0	N/A
Totals				135	\$306,163.71	155	\$360,518.89	1,069	\$2,007,223.76	

⁽¹⁾ Under the Rate and Method, property is classified as "Developed Property" for special tax levy purposes if a building permit has been issued for the parcel prior to May 1 of the previous fiscal year. See "SECURITY FOR THE BONDS -- Rate and Method of Apportionment of Special Taxes" and "APPENDIX B -- Rate and Method of Apportionment of Special Taxes." Based on Building Permits issued as of May 1, 2023.

⁽²⁾ Represents the Special Taxes levied on Developed Property for Fiscal Year 2023-24.

⁽³⁾ Represents the Assigned Special Tax for Developed Property in Fiscal Year 2024-25 and Developed Property assuming Building Permits as of December 15, 2023.

⁽⁴⁾ Represents the Assigned Special Tax for Developed Property in Fiscal Year 2024-25 assuming all Residential Units are developed in accordance with the development plan through buildout.

Source: Willdan Financial Services.

Appraisal Report

As a result of the requirements of Article XIII A of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the market value of the fee simple estate by parcel of taxable property within the District, the City engaged the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City and has no material relationships with the City, the Underwriter or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The Appraisal Report is intended to comply with the appraisal guidelines of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the Uniform Standards of Appraisal Practice, adopted by the Appraisal Standards Board of the Appraisal Foundation. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as "APPENDIX C — APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the fee simple estate by parcel of property within the District. The estimate of market value assumes that eligible fees proposed for the District have been paid. Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value, the market value of property within the District was \$176,855,000. In valuing the property within the District, the Appraiser used a sales comparison approach for each of the parcels of Taxable Property within the District.

Reference is made to APPENDIX C for a complete list of the Appraiser's assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any parcels of Taxable Property within the District would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report is a statement of the Appraiser's opinion as to the market value of the taxable property in the District as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future. See "SPECIAL RISK FACTORS — Property Values."

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property in the District is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within the District. Neither the City nor the Underwriter makes any representation as to the accuracy of the Appraisal Report. See "APPENDIX C — APPRAISAL REPORT." There is no assurance that the property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See "SPECIAL RISK FACTORS — Property Values" and "APPENDIX C — APPRAISAL REPORT."

Estimated Appraised Value-to-Lien Ratios

Table 3 below sets forth the estimated appraised value-to-lien ratio for the Taxable Property within the District based on the appraised value of each parcel as of the Date of Value, as set forth in the Appraisal Report, the principal amount of the Bonds and the Series 2021 Bonds and the Fiscal Year 2024-25 Special Tax. Based on the principal amount of the Bonds and the Series 2021 Bonds, the estimated appraised value-to-lien ratio of the Taxable Property within the District is 6.64:1**. This ratio does not include overlapping debt within the District. See “— Direct and Overlapping Indebtedness” above. Taking the overlapping debt into account, which consists of overlapping general obligation debt, the ratio of the aggregate appraised value of the Taxable Property within the District to the total principal amount of the Bonds is approximately 6.38:1*.

**TABLE 3
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
APPRAISED VALUE-TO-LIEN RATIOS BY OWNER AND DEVELOPMENT STATUS**

<u>Property Owner</u>	<u>Land Use Classification</u> ⁽¹⁾	<u>No. of Residential Lots</u>	<u>Appraised Value</u> ⁽²⁾	<u>Percentage of Appraised Value</u>	<u>2021 & 2024 Bonds</u> ⁽³⁾	<u>Value-to-Lien Ratio</u> ^{(4)*}	<u>Est. 2024-25 Special Tax</u> ⁽⁵⁾	<u>Percentage of Total Fiscal Year 2024-25 Est. Special Tax Levy</u>
Individuals	Single Family Property	102	\$ 69,895,000	39.5%	\$ 4,000,473	17.47:1	\$ 237,631	15.0%
UPI	Single Family Property	53	26,365,000	14.9	2,068,795	12.74:1	122,888	7.8
UPI/Toll	Approved	250	50,180,000	28.4	11,691,824	4.29:1	694,503	43.9
UPI	Undeveloped	<u>664</u>	<u>30,415,000</u>	<u>17.2</u>	<u>8,888,907</u>	<u>3.42:1</u>	<u>528,007</u>	<u>33.4</u>
Totals		1,069	\$176,855,000	100.0%	\$26,650,000	6.64:1	\$1,583,029	100.0%

⁽¹⁾ Based on building permits issued as of December 15, 2023. Under the Rate and Method, property is considered “Developed Property” for special tax levy purposes if a building permit has been issued for the assessor’s parcel prior to May 1 preceding the applicable tax year. See “SECURITY FOR THE BONDS -- Rate and Method of Apportionment of Special Taxes” and “APPENDIX A -- Rate and Method of Apportionment of Special Taxes”.

⁽²⁾ Based on the Appraisal dated January 5, 2024, with a December 15, 2023 date of value. See “APPENDIX C -- Appraisal Report”.

⁽³⁾ Allocated based on percentage of Assigned Special Tax on Developed Property at buildout.

⁽⁴⁾ Value-to-Lien Ratio is calculated as “Appraised value” divided by “Principal Amount of Bonds”.

⁽⁵⁾ Based on Assigned Special Tax on Developed Property, and includes the Administrative Expense Priority Amount of \$50,000 for Bond Year 2021 and escalating 2% annually beginning July 1, 2022 and to be used to pay administrative expenses. See “THE DISTRICT -- Estimated Special Taxes and Debt Service Coverage” for more details.

Source: Willdan Financial Services.

** Preliminary, subject to change.

Table 4 below sets forth the estimated appraised value-to-lien ratio for Taxable Property within the District based on the category.

TABLE 4
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
APPRAISED VALUE-TO-LIEN RATIOS BY CATEGORY

<u>VTL Category</u> ⁽¹⁾	<u>No. of Residential Lots</u>	<u>Appraised Value</u> ⁽²⁾	<u>Percentage of Appraised Value</u>	<u>2021 & 2023 Bonds</u> ^{(3)*}	<u>Value-to-Lien Ratio</u> ^{(4)*}	<u>Est. Fiscal Year 2024-25 Special Tax</u> ^{(5)*}	<u>Percentage of Total Fiscal Year 2024-25 Est. Special Tax Levy*</u>
Not Greater than 3.00:1	32	\$ 6,488,621	3.7%	\$ 2,362,150	2.75:1	\$ 140,313	8.9%
3.01:1 to 6.00:1	796	56,908,416	32.2	15,971,897	3.56:1	948,742	59.9
6.01:1 to 9.00:1	76	15,168,082	8.6	2,029,069	7.48:1	120,528	7.6
9.01:1 to 12.00:1	24	9,448,722	5.3	878,184	10.76:1	52,165	3.3
Greater than 12.00:1	<u>141</u>	<u>88,841,160</u>	<u>50.2</u>	<u>5,408,701</u>	<u>16.43:1</u>	<u>321,281</u>	<u>20.3</u>
Totals	1,069	\$176,855,000	100.0%	\$26,650,000	6.64:1	\$1,583,029	100.0%

(1) Based on building permits issued as of December 15, 2023. Under the Rate and Method, property is considered “Developed Property” for special tax levy purposes if a building permit has been issued for the assessor’s parcel prior to May 1 preceding the applicable tax year. See “SECURITY FOR THE BONDS -- Rate and Method of Apportionment of Special Taxes” and “APPENDIX B -- Rate and Method of Apportionment of Special Taxes”.

(2) Based on the Appraisal dated January 5, 2024, with a December 15, 2023 date of value. See “APPENDIX C -- Appraisal Report”.

(3) Allocated based on percentage of Assigned Special Tax on Developed Property at buildout.

(4) Value-to-Lien Ratio is calculated as “Appraised value” divided by principal amount of bonds.

(5) Based on Assigned Special Tax on Developed Property, and includes the Administrative Expense Priority Amount of \$50,000 per Bond Year 2021 and escalating 2.00% annually beginning July 1, 2022, to be used to pay administrative expenses. See “THE DISTRICT -- Estimated Special Taxes and Debt Service Coverage” for more details.

*Preliminary, subject to change.

Source: Willdan Financial Services.

Table 5 below sets forth the special tax collections and delinquencies for the fiscal years below:

**TABLE 5
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX COLLECTIONS AND DELINQUENCIES⁽¹⁾**

<u>Fiscal Year</u>	<u>Delinquencies at Fiscal Year End</u>			<u>Delinquencies as of September 2023</u>				
	<u>Parcels Levied</u>	<u>Amount Levied</u>	<u>Parcels Delinquent</u>	<u>Amount Delinquent</u>	<u>Percent Delinquent</u>	<u>Parcels Delinquent</u>	<u>Amount Delinquent</u>	<u>Percent Delinquent</u>
2021-22 ⁽¹⁾	10	\$922,163	0	\$ 0	0.00%	0	\$0	0.00%
2022-23	243	969,306	0	0	0.00	0	0	0.00
2023-24 ⁽²⁾	405	978,724	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ No levy prior to Fiscal Year 2021-22.

⁽²⁾ No delinquency data available for Fiscal Year 2023-24 levy.

Source: Willdan Financial Services.

Table 6 below sets forth the estimated total effective tax rate for Fiscal Year 2022-23.

**TABLE 6
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
ESTIMATED TOTAL EFFECTIVE TAX RATE**

<u>VALUES</u>	<u>Zone 1 Class 8 Detached 1,800 to 1,899 Sq. Ft.</u>	<u>Zone 2 Class 9 Detached Less than 2,000 Sq. Ft.</u>	<u>Zone 3 Class 8 Detached 1,800 to 1,899 Sq. Ft.</u>
Median Base Price ⁽¹⁾	\$593,000.00	\$695,900.00	\$578,900.00
Less: Homeowner's Exemption	(7,000.00)	(7,000.00)	(7,000.00)
Estimated Net Assessed Value	\$586,000.00	\$688,900.00	\$571,900.00
<u>AD VALOREM PROPERTY TAXES⁽²⁾</u>			
Basic Levy	1.0000%	\$ 5,860.00	\$ 5,719.00
Palm Springs Unified School District	0.1449	849.29	828.85
CV Water District	0.1100	644.60	629.09
Desert Community College	0.0395	231.47	225.90
Total		\$ 7,585.36	\$ 7,402.85
<u>ASSESSMENTS, SPECIAL TAXES AND CHARGES</u>			
FC Coachella Valley Mosquito & RIFA ⁽²⁾	\$ 14.38	\$ 14.38	\$ 14.38
Palm Desert Emergency Services ⁽²⁾	60.00	60.00	60.00
Coachella VL RC/PK TP 97-1 ⁽²⁾	62.40	62.40	62.40
CVWD Sewer's Service Charge ⁽²⁾	348.48	348.48	348.48
City of Palm Desert CFD 2021-1 Special Tax ⁽³⁾	1,612.62	2,574.99	1,612.62
Total	\$ 2,083.50	\$ 3,045.87	\$ 2,083.50
PROJECTED TOTAL PROPERTY TAXES	\$ 9,668.86	\$11,963.20	\$ 9,486.35
Estimated Effective Tax Rate	1.63%	1.72%	1.64%

⁽¹⁾ Based on the Appraisal dated February 23, 2023, with a February 1, 2023 date of value. See "APPENDIX C – Appraisal Report."

⁽²⁾ Based on the Fiscal Year 2022/2023 tax bills for subject property.

⁽³⁾ Based on the Rate and Method.

Source: Willdan Financial Services.

Largest Taxpayer

Based on ownership status as of January 1, 2024, UPI will be responsible for approximately 53% of the projected Fiscal Year 2024-25 Special Tax levy and Toll will be responsible for approximately 32% of the projected Fiscal Year 2024-25 Special Tax Levy. Individual property owners will be responsible for approximately 15% of the projected Fiscal Year 2024-25 Special Tax levy. See the caption “SPECIAL RISK FACTORS — Concentration of Ownership.” Fiscal Year 2021-22 was the first year the Special Tax is levied on property within the District.

Increasing Mortgage Interest Rates

Most of the purchasers of the homes finance their acquisitions with mortgage financing. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs could have a negative impact on the estimated absorption rates of UPI’s and Toll’s planned for-sale homes in the District. Further, a combination of higher mortgage rates, delays in construction stemming from delays in the supply chain, homebuyers’ inability to sell their existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in UPI’s and Toll’s rate of home order cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of UPI’s and Toll’s planned for-sale homes in the District.

Impact of Economic Conditions on the Development in the District

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which UPI and Toll can complete the remaining future homes, and demand by, and the ability of individuals to purchase homes within the District. Such events and factors could include rising inflation and interest rates, persistent supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the war in Ukraine. Any adverse impact of the foregoing and other economic factors on the Project in the District and the real estate market in general cannot be predicted.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information about the property ownership contained in this section of the Official Statement has been provided by UPI and Toll and has not been independently confirmed or verified by the Underwriter, the City or the District. No assurance can be given that the proposed development will occur as described in this Official Statement or that it will be completed in a timely manner, if at all, or that UPI and Toll will continue to own the property. Neither the Bonds nor the Special Taxes are personal obligations of UPI, Toll, or any affiliate thereof, and, in the event that a property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of such property owner or any affiliate thereof. Neither the Underwriter, the City nor the District make any representation as to the accuracy or adequacy of this information. Further, there may be material adverse changes in this information after the date of this Official Statement.

Property Ownership

The table below shows the ownership of taxable property within the District, as of January 1, 2024. Special Taxes were not levied on undeveloped property in Fiscal Year 2023-24.

**TABLE 7
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
PROPERTY OWNERSHIP
(As of January 1, 2024)**

<u>Owner</u>	<u>By Actual Fiscal Year</u>		<u>By Fiscal Year 2023-24</u>		<u>By Fiscal Year 2023-24</u>	
	<u>2023-24 Levy Amount</u>		<u>Taxable Parcels</u>		<u>Taxable Acreage</u>	
Individuals	\$240,409.72	24.6%	105	25.5%	12.92	10.3%
UPI	273,798.84	28.0	137	33.3	86.50	69.1
Toll	464,515.38	47.5	169	41.1	25.69	20.5
Total	\$978,723.94	100.0%	411	100.0%	125.11	100.0%

Source: UPI.

As of January 1, 2024, UPI has commenced construction on Area No. 1 and Area No. 3. UPI has closed on 105 homes to individual homeowners and 21 homes are under contract to be closed in the next year. See “PLAN OF FINANCE” herein and “— Proposed Development and Current Development Status” below.

The Developer

Acquisition of the Project. UPI purchased the vacant land constituting the Project on August 4, 2017 for \$20,000,000. The prior sale of the property along with an additional 21.36 acres that is not included in the District occurred in August 2005 for \$120,000,000. Lennar Homes purchased a portion of the 21.36 acres adjacent to the District that is entitled for 196 residential units on December 23, 2020 for \$14,577,000. On November 29, 2023, UPI sold 169 lots in Area No. 3 to AG EHC II Toll CA 2 LP for \$34,304,000.

Ownership Structure and Experience. As of January 1, 2024, UPI is the owner of approximately 69.1% of the Taxable Property within the District. Toll is responsible for approximately 20.5% of the Taxable Property within the District. Individual homeowners own approximately 10.3% of the Taxable Property within the District.

UPI - UPI is a single purpose entity formed to develop the Project. UPI is managed by MVP pursuant to that certain Amended and Restated Limited Liability Company Agreement of University Park Investor. UPI is an investment entity, wholly owned by University Park Aggregator, LLC (“UPA”), which in turn is owned by various investment management clients for the purpose of investing in the Project.

UPA is managed by BlackRock Financial Management, Inc. (“BlackRock”). MVP is managing the day-to-day operations and development of the Property. The key individuals of MVP who are responsible for the development of the Property are seasoned real estate professionals with significant experience in master planned community development, having worked at KB Home and Trumark Companies. The principals of MVP developed Jordan Ranch, a partnership between MVP and its investors, and a different BlackRock managed entity, which acquired, entitled, developed, and sold 933 finished lots in Dublin, California. From 2008 through 2019, Jordan Ranch produced over \$283 million in revenues, \$147.5 million in profits, with a 27.5% internal rate of return.

Toll – [TO COME]

Proposed Development and Current Development Status

No assurances can be made that UPI, AG EHC or any future owner of property within the District will have the resources, willingness, and ability to successfully complete development activities on the property within the District. No representation is made as to the ability (financial or otherwise) of UPI, AG EHC or any future owner of property within the District to complete development as currently planned. Moreover, the development and financing plans described below are as of the dates indicated; UPI, Toll will continue to evaluate the real estate market and make adjustments to the development and financing plans as determined necessary by UPI and Toll.

Background and Entitlement Status. The Final Map for TR 37506-1 was recorded on March 17, 2021 and the Final Map for TR 37506-2 was recorded on September 29, 2022. UPI has pulled 168 building permits in Area No. 1 as of January 1, 2024. Area No. 1 is entitled for 236 single family residential units. Area No. 2 is entitled for 146 single family residential units. Area No. 3 is entitled for 169 single family residential units. Area No. 4 is entitled for 72 single family residential units and 110 townhomes. Area No. 5 is entitled for 336 apartment units. An environmental impact report was prepared and approved in 2016 and an addendum was completed in 2018, a Phase I Environmental Site Assessment was prepared by Sladden Engineering (“Sladden”) dated May 9, 2016 and a soils report was prepared by Sladden dated August 10, 2005 and updated May 10, 2018.

Infrastructure Development. Area No. 1 is currently under construction with 105 units closed to individual homeowners. Area No. 3 is in a near finished state. UPI is currently constructing improvements, which include: storm drains, sanity sewer system, water facilities, streets, signals, landscaping, and site amenities. Site development for Area No. 1 is complete and site development for Area No. 3 is near completion. Approximately 58% of the budgeted improvements are complete.

Once improvements have been completed to serve each lot and fees have been paid the City will issue building permits. A special services agreement with CVWD lists the water system backup facility fee payment requirements and the timing of construction of an offsite well for the Project necessary for water service. CVWD typically charges this fee prior to each water meter/service and it will credit UPI’s lump sum payments against these fees. UPI’s total costs for eligible and non-eligible horizontal improvements for all five areas, including the fees, is expected to be approximately \$56.52 million.

Perimeter public streets for the Project have been installed. The Project will tie into the utility mains in these streets and complete all onsite grading and public/private street improvements in a phased fashion. The current schedule anticipates all work by UPI on the Project to be completed by the end of 2026. Set forth below is an estimate of the infrastructure development costs, the approximate percentage complete and the approximate remaining cost to complete that will be undertaken by UPI. The estimate does not include any work that will be done by merchant builders. The table below provides a status of the construction improvements, not including service and fee items.

TABLE 8
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
STATUS OF INFRASTRUCTURE IMPROVEMENTS
(As of January 1, 2024)

<u>Construction Improvements</u>	<u>Actual/Estimated Total Costs</u>	<u>Actual Costs Incurred</u>	<u>Approximate Percentage Complete (Project-Wide)</u>	<u>Approximate Remaining Cost to Complete</u>
Demolition	\$ 135,000	\$ 85,000	63%	\$ 50,000
Mobilization/Site Preparation	938,609	448,957	48	489,652
Grading to "Blue Top"	4,913,297	2,088,133	42	2,825,165
Retaining Walls	1,855,598	1,280,818	69	574,780
Erosion Control	423,099	219,641	52	203,368
Storm Drainage	1,272,478	653,793	51	618,685
Sanitary Sewer	2,538,250	1,574,359	62	963,891
Domestic Water	4,574,362	2,655,935	58	1,918,427
Street Improvements	7,037,644	4,514,287	64	2,523,357
Dry Utilities	3,687,861	2,174,681	59	1,513,180
Landscaping and Irrigation	4,087,773	2,283,022	56	1,804,751
Site Amenities	8,510,789	5,478,357	64	3,032,432
Walls and Fencing	<u>3,035,036</u>	<u>1,503,509</u>	<u>50</u>	<u>1,531,527</u>
Subtotal Construction Costs	<u>\$43,009,705</u>	<u>\$24,960,492</u>	<u>58</u>	<u>\$18,049,213</u>
Contingency	<u>6,451,456</u>	<u>3,744,074</u>	<u>58</u>	<u>2,707,382</u>
Total Construction Costs	<u>\$49,461,161</u>	<u>\$28,704,566</u>	<u>58%</u>	<u>\$20,756,595</u>

Source: UPI.

The table below shows the service and fee items in UPI's budget for the Project.

TABLE 9
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SERVICE AND FEE ITEMS BUDGET
(As of January 1, 2024)

<u>Service and Fee Items</u>	<u>Actual/Estimated Total Costs</u>	<u>Actual Costs Incurred</u>	<u>Approximate Percentage Complete (Project-Wide)</u>	<u>Approximate Remaining Cost to Complete</u>
Consulting Services	\$2,979,476	\$1,898,354	64%	\$1,081,122
Subdivision Bonds	597,561	346,305	58	251,256
Entitlement Fees	71,212	40,484	57	30,728
Permit, Plan Check, and Inspection Fees	1,328,699	960,867	72	367,832
Development Impact Fees	<u>1,952,142</u>	<u>1,711,971</u>	<u>88</u>	<u>240,171</u>
Subtotal Services & Fees	<u>\$6,929,089</u>	<u>\$4,957,981</u>	<u>72</u>	<u>\$1,971,108</u>
Contingency	<u>138,582</u>	<u>99,160</u>	<u>72</u>	<u>39,422</u>
Total Services & Fees	<u>\$7,067,671</u>	<u>\$5,057,141</u>	<u>72%</u>	<u>\$2,010,530</u>

Source: UPI.

Home Development and Sales. The Project is made up of five separate project areas being developed in different areas, which are planned to include 1,069 units at buildout consisting of eight product types of for-sale

single-family detached homes, for-sale attached townhomes and for-rent multifamily apartments. Below is a map of the Project.

[INSERT MAP]

Area No. 1 consisting of 236 home sites and Area No. 3 consisting of 169 homes sites are under construction. The horizontal improvements for Area No. 1 are complete and the estimated cost to build the 236 homes (excluding the cost of land) is an additional approximately \$31.1 million (or \$33.9 million inclusive of soft costs). Area No. 1 is expected to be built out in February of 2026. The estimated cost to complete the horizontal improvements for Area No. 3 is approximately \$850,000 and the estimated cost to build the 169 homes (excluding the cost of the land) is an additional approximately \$58.3 million (or \$53.2 million inclusive of soft costs). Future areas are anticipated to begin horizontal improvements and construction in April 2024 (Area No. 2), July 2024 (Area Nos. 5) and January 2025 (Area No. 4). Area Nos. 2 and 4 will be delivered in blue top condition with onsite backbone streets, and no private in-tract work. Area No. 5 is currently contemplated for the development of for-rent multifamily apartments and will be delivered as a super pad.

In mid-July 2021, UPI and CVWD clarified the status and estimated timing of CVWD’s construction of the reservoir facilities under the Water Installation Agreement, for which UPI is required to contribute 14.5% of the cost based on the estimated peak day domestic water demands and required fire flow for the Project. The reservoir facilities have been completed and are operational. The anticipated phasing plan as of January 1, 2024, is set forth below.

PHASING PLAN

<u>Area</u>	<u>Product</u>	<u>Quantity</u>	<u>Construction Start</u>
1	Village E	110	In Process
	Village D (portion)	78	
	Village F (portion)	48	
		236	
2	Village D (portion)	48	April 2024
	Village G	98	
		146	
3	Village C	120	In Process
	Village F (portion)	49	
		169	
4	Village H	72	July 2025
	Village A	110	
		182	
5	Apartments	336	July 2024
Total Number of Projected Residential Units:		1,069	

Source: UPI.

As of January 1, 2024, the current estimated product mix for the homes for sale within the District and their anticipated base prices is set forth below. The table below reflects projected sales prices of residential units to end users and, therefore, excludes the 336 for-rent apartment units currently proposed for Area 5 of the Project.

**TABLE 10
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
PROPOSED UNIT MIX (HOMES FOR SALE)
(excludes for-rent apartment units proposed for Area 5)**

<u>Village</u>	<u>Unit Type</u>	<u>No. Available</u>	<u>Average Home Size</u>	<u>Average Lot Size</u>	<u>Average Base Price</u>	<u>Average Base Price/SF</u>	<u>Options</u>	<u>Premiums</u>	<u>Total Price</u>	<u>Price per SF</u>
Village A	Townhome	110	1,742	1,800	\$426,790	\$245	\$29,619	\$ 6,188	\$462,598	\$266
Village C	Single-Family (60x100)	120	2,954	6,000	708,960	240	49,202	10,280	768,442	260
Village D	Single-Family (55x90)	126	2,550	4,950	690,889	271	57,312	31,174	799,375	306
Village E	Single-Family (2-Pac)	110	2,188	4,050	606,980	277	30,668	17,884	655,532	300
Village F	Single-Family (Alley)	97	2,168	3,200	581,910	268	37,148	21,339	640,397	295
Village G	Single-Family (50x100)	98	2,653	5,000	655,200	247	45,471	9,500	710,171	268
Village H	Single-Family (4-Pac)	<u>72</u>	<u>2,214</u>	<u>3,750</u>	<u>553,500</u>	<u>250</u>	<u>38,413</u>	<u>8,026</u>	<u>599,939</u>	<u>271</u>
SF Total/Weighted Avg:		733	2,371	4,171	\$608,934	\$257	\$41,722	\$15,536	\$666,193	\$281

Source: UPI.

An agreement between UPI and Woodbridge Homes (“WPG”) (Woodbridge Pacific Group <https://woodbridgepacific.com>) to develop the 236 homes in Area No. 1 was signed on March 30, 2021. The contract provides for UPI to issue a license to WPG to build homes per the City-approved architectural plans. Upon sale to an individual homebuyer, UPI will initially convey the parcel to WPG, and WPG will convey the home to the individual homebuyer. UPI will retain responsibility for paying the Special Taxes on property until the property is transferred to the homeowners. WPG provided a deposit of over \$1 million that was released to UPI upon expiration of the final due diligence period. The deposit will be applied (\$5,000/lot) to the base lot price paid to UPI. UPI will provide the capital necessary for WPG to construct the homes and earn a market return on this capital. Additionally, there is a profit sharing arrangement whereby UPI will receive 75% of the net sales proceeds after WPG pays UPI for: (i) costs to build the home plus a return on those costs; (ii) the base price of the lot; and then WPG receives a: (a) return of their overhead, and (b) agreed upon profit margin.

For Areas 2 and 4, UPI intends to perform the horizontal development and sell finished or blue top lots to builders as soon as practically feasible. Area 5 is planned for an apartment project and UPI intends to sell the site to an apartment developer that will be responsible for a majority of the land development costs. Area 5 could be sold and developed at any time.

The anticipated schedule as of January 1, 2024 of lot sales to builders, construction of homes and is set forth below.

ESTIMATED CONSTRUCTION AND SALES SCHEDULE

<u>Area</u>	<u>Horizontal Improvements Begin</u>	<u>Lot Sales Begin</u>	<u>Home Sales Begin</u>
3	In process	In process	March 2024
2	April 2024	Q2 2024	January 2025
4	January 2026	Q2 2024	January 2025

Source: UPI.

Financing Plan.

UPI - UPI has committed to invest up to \$76.6 million toward the development of the property within the District. That investment amount included the land purchase price of \$20 million, as well as additional investment of up to \$56.6 million to complete UPI’s portion of the improvements to the property. The Project is not expected to be financed with debt financing nor is there existing debt financing on the property.

Notwithstanding the belief of UPI that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to UPI will be sufficient to complete the property development, that UPI will be able to sell to builders and that home construction will be completed as currently anticipated. If and to the extent that financing is inadequate to pay the costs to complete UPI’s planned development in the District and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed development by UPI, UPI may not be able to sell to builders and portions of the Project may not be developed.

The development and financing plans discussed above are solely projections as of the dates indicated in this Official Statement. Such plans are subject to change. No assurance can be given that such plans will remain in their current state or that the plans will ultimately be carried out according to the discussions set forth above.

Toll – [TO COME]

SPECIAL RISK FACTORS

The Bonds have not been rated by any rating agency, and the purchase of the Bonds involves significant risks that are not appropriate for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “— Property Values” and “— Limited Secondary Market” below.

The principal source of payment of debt service on the Bonds will be payments of the Special Tax made with respect to the Taxable Property. As discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Taxes,” the Special Tax is to be levied annually against all such Taxable Property either at the maximum rate authorized by the Rate and Method or at such lower rates as are determined by the District Administrator to raise sufficient funds to comply with the agreements, conditions, covenants and terms contained in the Indenture, and in accordance with the Act. The Special Tax is to be collected on the tax roll of the District at the same time and in the same manner as general *ad valorem* real property taxes are collected. The Special Tax cannot be levied at a tax rate higher than the maximum tax rate even if the maximum tax rate will not produce sufficient Net Taxes to pay the principal and interest then payable with respect to the Bonds. See discussions below under “— Levy of the Special Tax” and “— Collection of the Special Tax.”

Payment of the Special Tax levied on a parcel is secured by a continuing lien against such parcel. In the event an installment of the Special Tax included in the tax bill for a parcel of Taxable Property is not paid when due, the District has covenanted to institute foreclosure proceedings in court to cause the parcel to be sold in order to attempt to recover the delinquent amount from the sale proceeds. Foreclosure and sale may not always result in the recovery of the full amount of delinquent installments of the Special Tax. See “— Collection of the Special Tax.” The sufficiency of the foreclosure sale proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the sale. Sufficiency of the foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. Further, other governmental claims, such as hazardous substance claims, may affect the realizable value even though such claims may not rise to the status of liens. See “— Hazardous Substances.”

Timely foreclosure and sale proceedings with respect to a parcel of Taxable Property may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Not only may foreclosure and sale proceedings be forestalled or delayed, but the sale of a parcel may also be similarly affected by a bankruptcy stay. Further, should the stay not be lifted, payment of the Special Tax may be subordinated to bankruptcy law priorities. See “— Enforcement Delays — Bankruptcy.”

Although bankruptcy proceedings may forestall or delay a foreclosure and sale or a tax sale of a delinquent parcel of Taxable Property, the Special Tax is secured by a lien which, assuming proper procedures are followed, may be enforced against the parcel. There may not be any recourse against a bankrupt property owner since the owner is not personally obligated to pay the Special Tax. Further, if proper disclosure of the authorization of the Special Tax is not made to the owner, the willingness or ability of an owner to pay the Special Tax may be adversely affected. See “— Payment of the Special Tax is Not a Personal Obligation of the Owners.”

The District is not obligated to advance funds to pay such debt service except from moneys on deposit in the Reserve Fund. See “— Limited Obligations.”

Even if debt service is timely paid, interest on the Bonds may have to be included in the gross income of the owner of the Bonds by reason of some circumstance occurring subsequent to issuance of the Bonds, thereby reducing the after-tax yield. See “— Loss of Tax Exemption.”

Concentration of Ownership

UPI will be responsible for the payment of approximately 53%, Toll will be responsible for the payment of approximately 32%, and individual homeowners will be responsible for approximately 15% of the projected Special Taxes levied on Taxable Property within the District in Fiscal Year 2024-25. A number of factors, many of which are beyond the control of UPI and Toll could have an adverse impact on the development of the Project, value of the Project and UPI’s and Toll’s willingness or ability to pay Special Taxes, including adverse changes in the national economy, failure of the development to proceed as planned, competition from other residential development in the vicinity of the District. energy costs, governmental rules and policies (including changes in zoning and land use), potential environmental and other liabilities, and tax laws affecting real estate. There may be an adverse impact on the development of the Project and UPI’s and Toll’s willingness or ability to pay Special Taxes. The timely payment of the principal of and interest on the Bonds depends upon the willingness and ability of UPI, Toll and future landowners in the District to pay the Special Taxes when due. The willingness and ability of the owners of UPI and Toll, as well as other property owners, to pay property taxes and the Special Taxes could be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market and other factors. A description of the Project, Toll, and UPI is set forth under the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT.” The City, the District, the Municipal Advisor, and the Underwriter make no representation as to the accuracy or completeness of such information. Failure of UPI and Toll (or any future owner of a significant amount of taxable property within the District) to pay Special Taxes when due could cause the depletion of the Reserve Account held under the Indenture prior to reimbursement from the resale of foreclosed property and repayment of the delinquent Special Taxes. In such an event, there may be insufficient revenues from Special Taxes to meet the District’s obligations under the Indenture. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds.

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

No assurance can be given that the property owners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “— Enforcement Delays — Bankruptcy” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Construction Risks

There can be no assurance that the development, construction and completion will be accomplished on schedule and within budget. The failure of any or all of these measures or the realization of other development, construction or completion risks, including, but not limited to, delays in the issuance of required permits or other necessary approvals, strikes, shortages of materials, fire, adverse sub-surface conditions and adverse weather conditions, could result in a failure to complete or a delay in the completion; or an increase in the cost of the completion, or both. No assurance can be made that UPI would have sufficient funds to complete construction in

the event of a significant cost overrun. Any such failure or cost increase may adversely affect UPI's ability or willingness to pay the Special Taxes as they become due and payable.

Insufficiency of Special Tax Revenues

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the Bonds either due to nonpayment of the amounts levied or because acreage within the District becomes exempt from taxation due to the transfer of title to a public agency.

In order to pay debt service on the Bonds, it is generally necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District has established a Reserve Account under the Indenture to be maintained in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund." The District will covenant in the Indenture to maintain in the Reserve Account an amount equal to the Reserve Requirement, subject, however, to the availability of Net Taxes in amounts sufficient to do so and to the limitation that the District may not levy the Special Tax in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method. See Appendix D hereto. As a result, if a significant number of Special Tax delinquencies occurs within the District, the District could be unable to replenish the Reserve Account to the Reserve Requirement due to the limitations on the amount of the Special Tax that may be levied. If such defaults were to continue in successive years, the Reserve Account could be depleted and a default on the Bonds could occur.

The Act provides that, if any property within the 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 Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts, but it is doubtful that they would be upheld as to, for example, property owned by the federal government. If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default will occur with respect to the payment of such principal and interest.

The District will covenant in the Indenture that, under certain circumstances, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*" for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds (if the Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to limitations described above under the caption "THE DISTRICT—Rate and Method of Apportionment," to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to replenish the Reserve Account to an amount

equal to the Reserve Requirement, and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “— Enforcement Delays – Bankruptcy.”

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Indenture do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds is obtained.

Prior to July 1, 1983, the right of redemption from foreclosure sales was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from such foreclosure sales has been repealed. However, a period of 20 days must elapse after the date on which the notice of levy of the interest in real property was served on the judgment debtor before the sale of such lot or parcel can be made. Furthermore, if the purchaser at the sale is the judgment creditor (e.g., the District), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation, which repeals the one year redemption period, has not been tested and there can be no assurance that, if tested, such legislation will be upheld. (Section 701.680 of the Code of Civil Procedure of the State.)

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Land development and land values could be adversely affected by economic and other factors beyond the District and the City’s control, such as a general economic downturn, adverse judgments in future litigation that could affect the scope, timing or viability of development, relocation of employers out of the area, stricter land use regulations, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions which will adversely impact the security underlying the Special Taxes.

The Appraisal Report indicates the Appraiser’s opinion as to the market value of the properties referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future. See “THE DISTRICT — Appraisal Report” and “APPENDIX C — APPRAISAL REPORT.”

Prospective purchasers of the Bonds should not assume that the taxable land within the District could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the Appraised Property, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See Appendix C for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser’s assumptions to be untrue could result in a reduction of the value of the taxable land and improvements within the District from the market value estimated by the Appraiser.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*”

Neither the District nor the City has evaluated development risks. Since these are largely business risks of the type that the landowner customarily evaluates individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the District is issuing the Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the Bonds in no way implies that either the City or the District has evaluated these risks or the reasonableness of these risks. On the contrary, the City and the District have made no such evaluation and are undertaking acquisition and construction of the facilities being financed by the Bonds even though these risks may be serious and may ultimately halt or slow the progress of land development and forestall the realization of Taxable Property values in the event of delinquency and foreclosure.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. In addition, the Act provides that properties or entities of the State, federal or local government are exempt from the Special Tax; provided, however, that property in the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property in the District, it may be unconstitutional. If for any reason property in the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties in the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of property in the District becomes exempt from the Special Tax because of public ownership, or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default would occur with respect to the payment of such principal and interest.

Climate Change

According to the California Climate Change Fourth Assessment for the Inland Desert Regions, which was published in 2018, the region covering the City, the region will continue to experience, among other things, (a) extremely high maximum temperatures, (b) increased energy needs for cooling to compensate for a rise in temperatures, and (c) increased water stress in an already water-limited region. Such climate change risks may exacerbate the impact of natural disasters listed below. See “— Geologic, Topographic and Climatic Conditions.”

Geologic, Topographic and Climatic Conditions

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The District is not located within a designated fault zone and located in an area of minimal flood hazard.

The City shares many of the hazards associated with earthquakes faults in Southern California. There are three major faults and several minor faults that could impact the City. The major faults include the San Andreas Fault near San Geronio Pass, the Palm Desert Fault, and the Elsinore Fault. Historically, the San Andreas Fault is the most active among the fault network that cuts through rocks of the California coastal region. The entire San Andreas Fault system is more than 800 miles long and extends to depths of at least 10 miles within the earth. The San Andreas Fault in California forms a continuous, narrow break in the earth's crust that extends from northern California southward to Cajon Pass near San Bernardino; southeastward from Cajon Pass. Several branching faults, including the San Jacinto and Banning faults, share the movement of the crustal plates as the fault continues to the south east, on to the Salton Sea and on to Baja California Sea of Cortez. Recent studies of the eastern section of the San Andreas near San Geronio Pass reveal that this area is more advanced in the cycle of strain accumulation than the western area at the Cajon Pass. Another major fault zone that traverses Riverside County is the Elsinore Fault. The Elsinore Fault Zone is one of the largest in southern California. The main trace of the Elsinore fault zone has only seen one historical event greater than magnitude 5.2 – the earthquake of 1910, a magnitude 6 shock near Temescal Valley.

In recent years, portions of Southern California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. While the District is not aware of any particular risk of wildfire within the District, there can be no assurances that wildfires won't occur within the District. Property damage due to wildfire could result in a significant decrease in the market value of property in District and in the ability or willingness of property owners to pay Special Taxes when due. CAL FIRE has made recommendations of Very High Fire Severity Zones for the City.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Flood Zone

The City has experienced numerous winter storm flood and high wind damages in the past. On August 20, 2023, Hurricane Hilary caused an overflow of a major drainage channel and the Spanish Walk neighborhood in North Palm Desert flooded. The Mayor of the City made a Proclamation of Local Emergency on August 20, 2023. This will allow the City of Palm Desert to submit for maximum reimbursements of damages incurred in the City. Governor Newsom Declared a State of Emergency, which will allow for the State to request a Federal Emergency be declared by FEMA. Heavy rains can lead to problems with storm drainage and create localized flood problems. The District is not located within a Special Flood Hazard Area.

flood problems. The District is not located within a Special Flood Hazard Area.

Drought

California has been subject to droughts from time-to-time in the past. The State of California is currently in a statewide drought with regions ranging from severe drought to exceptional drought. Riverside County is experiencing severe to extreme drought conditions. Water service to the City and the District is provided by the CVWD. CVWD faces various challenges in the continued supply of water to the City. A description of these challenges as well as a variety of other operating information with respect to CVWD is included in certain disclosure documents prepared by CVWD. CVWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. CVWD has also entered into certain continuing disclosure agreements pursuant to which CVWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended

(“Rule 15c2-12”). Such official statements, other disclosure documents, annual reports and notices (collectively, the “CVWD Information”) are filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”) at <http://emma.msrb.org>. The CVWD Information is not incorporated herein by reference thereto, and the City makes no representation as to the accuracy or completeness of such information. CVWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE TRUSTEE OR THE OWNERS OF THE BONDS TO PROVIDE CVWD INFORMATION TO THE CITY OR THE OWNERS OF THE BONDS.

Although the City does not believe any future drought would impact development in the District, no assurances can be given in this regard and no assurance can be given that a future drought affecting homes in the District would not result in decreased values. In the event that the CVWD’s water supply is severely limited or cut off by virtue of future actions beyond its control resulting from ongoing or future drought conditions, development within the District may be delayed or even stopped. Should the City need to restrict development, it must do so Citywide and cannot single out the District property in restricting development activity. In turn, the anticipated diversity of ownership of land within the District could also be reduced. Furthermore, such an increased period of concentrated ownership of undeveloped land increases the potential negative impact of any bankruptcy or other financial difficulties experienced by the owners of undeveloped land in the District.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to 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 the “Super Fund 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 in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel 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 within the District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

The District is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located on the property within the District. However, it is possible that such materials do currently exist and that the District is not aware of them.

It is possible that property in the District may be liable for hazardous substances in the future as a result of 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 the existence, currently, on the property of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of the applicable property.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal private or sensitive information, the City is 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 City’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity system that are in place. However, no assurances

can be given that the City's effort to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

Depletion of Reserve Account

The Reserve Account is to be maintained at an amount equal to the Reserve Requirement. Money in said fund may be used to pay debt service on the Bonds in the event the proceeds of the levy and collection of the Special Tax against property in the District are insufficient. If funds in the Reserve Account are used to pay debt service on the Bonds, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid pursuant to the Indenture. However, no replenishment from the proceeds of a levy of the Special Tax can occur as long as the proceeds that are collected from the levy of the Special Tax at the maximum tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Account will be depleted by its use to pay such amounts and will not be replenished by the levy of the Special Tax. There is no assurance that the amount in the Reserve Account will, at any particular time, be sufficient to pay all such amounts or that any amounts of the Reserve Requirement used for debt service on the Bonds will be fully replenished from the proceeds of the levy and collection of the Special Tax.

Enforcement Delays – Bankruptcy

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SOURCES OF PAYMENT FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, the bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Any such delays could increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of the Special Tax, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws against Taxable Property, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

Increasing Mortgage Interest Rates

Between approximately November 2021 and January 2024, mortgage interest rates for 30-year mortgage loans have increased from approximately 3.1% to [___]%. Increases in mortgage interest rates could have a negative impact on the estimated absorption rates of the planned for-sale residential units in the District described herein. With respect to entry-level households, increased mortgage interest rates may adversely impact the affordability of homes and may increase mortgage payment levels for owning a lower-priced home relative to renting a residence, thereby making purchasing less attractive. With respect to move-up households, higher mortgage interest rates may impact the desire of current homeowners to move from their present home due to the fact that their present home likely has a relatively low mortgage interest rate. In addition, in such instances, a new home would likely have a higher interest rate on a new mortgage loan as well as a higher purchase price and property taxes. Such considerations may decrease the desire for move-up households to purchase a new home.

The foregoing factors could reduce demand for and/or the ability to achieve the sales prices of the planned for-sale homes within the District as described herein.

Impact of Economic Conditions on the Development in the District

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which the Developer can complete future homes, and demand by, and the ability of individuals to purchase homes within the District. Such events and factors could include rising inflation and interest rates, persistent supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the war in Ukraine. Any adverse impact of the foregoing and other economic factors on the Project in the District and the real estate market in general cannot be predicted.

FDIC/Federal Government Interests in Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the "FDIC"), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of the FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the nonpayment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California, in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or in the event a private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of Taxable Property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the

applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest.

The District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Direct and Overlapping Indebtedness

The ability of an owner of property within the District to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See "THE DISTRICT — Direct and Overlapping Debt" herein. The City and other public agencies whose boundaries overlap those of the District could impose additional taxes or assessment liens on the property within the District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the District through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within the District.

The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of property owners to pay the Special Taxes and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Effect of Parity Bonds on Credit Quality

The District may at any time after the issuance and delivery of the Bonds issue Parity Bonds to finance additional facilities in an aggregate amount not to exceed \$50,000,000 (including the Bonds and the 2021 Bonds) payable from the Net Taxes and secured by a lien and charge upon such amounts equal to the lien and charge securing the Bonds and any other Parity Bonds theretofore issued pursuant to the Indenture. Parity Bonds may only be issued subject to specific conditions, which are set forth in the Indenture and with which the District must be in compliance. See "SOURCES OF PAYMENT FOR THE BONDS – Parity Bonds."

If Parity Bonds are issued, the value-to-lien ratio of certain parcels subject to the levy of Special Taxes may be lower than the ratios set forth in this Official Statement. Furthermore, if Parity Bonds are issued, the owners of the Bonds will not have any prior claim on the Special Taxes levied on the property within the District but will have an equal claim with the owner of the Parity Bonds on the Net Taxes.

The District expects to issue additional series of bonds up to the remaining balance of bond authorization, which bonds are expected to be secured by Net Taxes on a parity with the Bonds. Such Parity Bonds are expected to be issued once further development occurs.

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

An owner of a taxable parcel is not personally obligated to pay Special Taxes. Rather, Special Taxes are an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully Special Taxes, the District has no recourse against the property owner.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or the District's property or upon any of the City's or the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

The District's legal obligations with respect to any delinquent Special Taxes are limited to: (i) payments from the Reserve Account to the extent of funds on deposit therein; and (ii) the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes are delinquent. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales.*" The Bonds cannot be accelerated in the event of any default.

The obligation to pay Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to such liens. See the caption "—Payment of the Special Tax is Not a Personal Obligation of the Property Owners." Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Superior Court of California, County of Riverside. There is no assurance that any current or subsequent owner of a parcel subject to a Special Tax lien will be able to pay the amounts due or that such owner will choose to pay such amounts even though financially able to do so.

Failure by owners of the parcels to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels that have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Bonds, which may in turn result in the depletion of the Reserve Account. See the caption "—Enforcement Delays – Bankruptcy."

Ballot Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or other local agencies to increase revenues or to increase appropriations.

Proposition 218

An initiative measure entitled "The Right to Vote on Taxes Act" ("Proposition 218") was approved by the voters at the November 5, 1996 statewide general election. Among other things, Proposition 218 added a new Article XIII C to the California Constitution which 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. While the application of Proposition 218 in this context has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely

that Proposition 218 has conferred on the voters the power to effect a repeal or reduction of the Special Tax if the result thereof would be to impair the security of the Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for the District. The District also will covenant that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

Litigation with Respect to Community Facilities Districts

Shapiro. The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro* (2014) 228 Cal.App.4th 756 (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

Horizon. The Sacramento County Superior Court issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became the court’s final order. As described below, this case involved an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Act. In 2017, the City of Sacramento initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Act. The proposed special tax received the requisite two-thirds vote in the landowner election. Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its final ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district...”) the phrase “qualified electors” means the registered voters of the entire City of Sacramento and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid. The superior court’s final ruling is not binding upon other courts within the State and does not directly apply to the District, the Special Tax, or the Bonds. The City of Sacramento did not appeal the decision.

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (viz., all of the registered voters in San Diego). At the time of the landowner elections to authorize the Special Tax for the District, there were no registered voters within the District. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Landowners in the District approved the levy of Special Tax in accordance with the Rate and Method on May 13, 2021. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings, and court decisions, the City believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought. In connection with the issuance of the Bonds, Bond Counsel expects to deliver its opinion in the proposed form attached hereto as Appendix B.

Loss of Tax Exemption

As discussed under the heading "TAX EXEMPTION," interest on the Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

No Ratings – Limited Secondary Market

The District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Bonds and beneficial interest therein may be transferred, only in authorized denominations.

Although the District has committed to provide certain financial and operating information, there can be no assurance that such information will be available to Bond owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

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

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the

State of California. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District are permitted to prepay their Special Taxes pursuant to the Rate and Method. Such prepayments will result in an extraordinary redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See “THE BONDS — Redemption — *Extraordinary Redemption from Special Tax Prepayments.*”

District Not Included in Teeter Plan

Although the Riverside County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, and the City’s ad valorem taxes are included in the Teeter Plan, the District will not be included in the Teeter Plan. Consequently, the District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments.

CONTINUING DISCLOSURE

Pursuant to the District Continuing Disclosure Agreement, the District will covenant for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by April 1 of each year (the “Annual Report”), commencing with the report for April 1, 2024, and to provide the notices of enumerated events will be filed with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in “APPENDIX E — FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 (the “Rule”).

The District, which is the obligated party under the Disclosure Agreement, has previously entered into an undertaking pursuant to the Rule. Within the last five years, certain filings relating to the public debt obligations of the City and its related entities were incomplete or not made in a timely manner, as required under then outstanding continuing disclosure obligations of the City and its related entities. [INSERT INFORMATION]

Pursuant to a Developer Continuing Disclosure Certificate to be executed by UPI and Toll, UPI and Toll will agree to provide, or cause to be provided, to EMMA certain information relating to the development of the Project on a semi-annual basis and notices of certain enumerated events. Furthermore, UPI intends to request the assistance of DPF, LLC in the preparation of the semi-annual filings. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in “APPENDIX E — FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The City has made certifications and representations and have covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by, and compliance with such covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from State of California personal income taxes. Bond counsel expresses no opinion as to any other tax consequences regarding the Bonds.

Under the Code, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issue of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the California legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issue of the Bonds, will not eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

For example, federal tax legislation enacted on December 22, 2017, reduced corporate tax rates, modified individual tax rates, eliminated many deductions, and generally eliminated the tax-exempt advance refunding of tax-exempt bonds and other tax advantaged bonds, among other things. In addition, investors in the Bonds should be aware that future legislative actions might increase, reduce, or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with

original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

LEGAL OPINION

The legal opinion of Bond Counsel approving the validity of the Bonds, in substantially the form set forth as Appendix B hereto, will be made available to purchasers of the Bonds at the time of original delivery of the Bonds. Certain legal matters will be passed upon for the City and the District by Best Best & Krieger LLP, Indian Wells, California, City Attorney, and for the District by Best Best & Krieger LLP, Riverside, California, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. Bond Counsel undertakes no responsibility to the purchasers of the Bonds for the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, the City Attorney will deliver an opinion to the effect that, to their actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision,

ruling or finding, against or affecting the District, which would adversely impact the District's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Taxes, or the transactions described herein.

NO RATING

The District has not made, and does not contemplate making, an application to any rating organization for the assignment of a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Sandler & Co. (the "Underwriter"). [The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being the \$_____ aggregate principal amount of the Bonds, less an Underwriter's discount of \$_____ and plus original issue premium of \$_____).] The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation is contingent upon the successful issuance of the Bonds.

Under certain circumstances, the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower or yields higher than those stated on the page immediately following the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Underwriter and its counsel and the Trustee are contingent upon the issuance and delivery of the Bonds. From time to time Best Best & Krieger LLP represents the Underwriter on matters unrelated to the Bonds.

MUNICIPAL ADVISOR

The City has retained Del Rio Advisors, LLC, of Modesto, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the City with the structure, timing and terms for the sale of the Bonds. Del Rio Advisors, LLC, is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The execution and delivery of this Official Statement by the City Treasurer has been duly authorized by the City Council of the City of Palm Desert acting in its capacity as the legislative body of the District.

CITY OF PALM DESERT COMMUNITY FACILITIES
DISTRICT NO. 2021-1 (UNIVERSITY PARK)

By: _____
Veronica Chavez, Finance Director

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

For the City of Palm Desert Community Facilities District No. 2021-1 (University Park), County of Riverside, State of California

A Special Tax shall be levied on all Taxable Property within the boundaries of the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (“CFD No. 2021-1”) and collected each Fiscal Year commencing in Fiscal Year 2021-22, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2021-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means the actual or reasonably estimated costs related to the administration of CFD No. 2021-1 including, but not limited to: the costs of preparing and computing the Special Tax (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2021-1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2021-1, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2021-1, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2021-1, or any designee thereof related to an appeal of the Special Tax; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2021-1 for any other administrative purposes of CFD No. 2021-1, including but not limited to attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

“Annual Special Tax” means the Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“Apartment Property” means an Assessor’s Parcel of Developed Property on which all or any portion of a structure or structures with multiple Apartment Units are located, and such Apartment Units are offered for rent and are not available for sale to individual owners. If Apartment Property is subsequently reclassified as Single Family Property, Special Taxes levied on such reclassified Assessor’s Parcels shall be modified to match those of Single Family Property, provided that the Building Square Footage of such Single Family Property can be determined by the CFD Administrator. Otherwise, the property will continue to be classified as Apartment Property.

“Apartment Unit” means one (1) for-rent residential unit on Apartment Property.

“Approved Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied,

and (ii) that have not been issued a Building Permit on or prior to the May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor” means the Assessor of the County of Riverside.

“Assessor’s Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

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

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Special Tax of that name described in Section C.1 below.

“Backup Special Tax” means the Special Tax of that name described in Section C.2 below.

“Bonds” means any bonds or other Debt of CFD No. 2021-1, whether in one or more series, secured by the levy of Special Taxes.

“Building Permit” means a building permit for construction of a Residential Unit within CFD No. 2021-1 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure or dwelling unit, as applicable, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

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

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Special Tax roll and/or calculating the Backup Special Tax.

“CFD No. 2021-1” means the City of Palm Desert Community Facilities District No. 2021-1 (University Park).

“City” means the City of Palm Desert, California.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2021-1 under the Act.

“County” means the County of Riverside, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1st of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1st of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved Property, provided that and only if the levy of the Special Tax less Administrative Expenses after such reclassification shall not be less than 1.1 times the annual Debt Service on all Outstanding Bonds. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Approved Property.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section H below.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual Lots for which Building Permits may be issued without further subdivision.

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

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 and Table 2 under Section C.1 below.

“Lot” means a parcel created by a Final Map capable of conveyance or rental, separate from adjacent parcels or dwelling units and/or on which one or more Residential Units can be constructed.

“Lower Income Households Welfare Exemption Property” means, for each Fiscal Year, an Assessor’s Parcel that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County Assessor’s roll finalized as of January 1 of the previous Fiscal Year; provided that such property is not exempt from the Special Tax if debt is outstanding and the property was subject to the Special Tax prior to receiving the exemption, in which case the property shall remain subject to the Special Tax and the Special Tax shall be enforceable against the property.

“Maximum Special Tax” means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Sections C.3 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential units or facilities.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Prepayment Amount” means the amount required to prepay the Special Tax Obligation in full for an Assessor’s Parcel as described in Section F.1 below or in part for an Assessor’s Parcel as described in Section F.2 below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2021-1 owned in fee by a property owner association, including any master or sub- association.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of

Developed Property. For Approved Property or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Approved Property or Undeveloped Property. “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section D below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Non-Residential Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section H, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section H.

“Provisional Welfare Property” means all Assessor’s Parcels of Lower Income Households Welfare Exemption Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section H, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section H.

“Public Property” means any property within the boundaries of CFD No. 2021-1, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that (i) any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act and (ii) any property subject to taxation pursuant to Section 53317.3 of the Act shall be taxed and classified in accordance with its use.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Single Family Property” means all Assessor’s Parcels of Residential Property not classified as Apartment Property.

“Special Tax” means any special tax levied within CFD No. 2021-1 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2021-1.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Approved Property, Undeveloped Property, or Provisional Property, until the date that all Bonds have been issued; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2021-1, which are not exempt from the levy of the Special Tax pursuant to law or Section H below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property or Provisional Property.

“Zone 1” means the area within CFD No. 2021-1 depicted as such in Exhibit A hereto.

“Zone 2” means the area within CFD No. 2021-1 depicted as such in Exhibit A hereto.

“Zone 3” means the area within CFD No. 2021-1 depicted as such in Exhibit A hereto.

B. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2021-22, each Assessor’s Parcel within CFD No. 2021-1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Approved Property, Undeveloped Property, Provisional Welfare Property, or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Section C below. Furthermore, each Assessor’s Parcel of Developed Property shall be classified as Single Family Property, Apartment Property, or Non-Residential Property. Finally, each Assessor’s Parcel of Single Family Property shall be classified according to its applicable Land Use Class based on its Building Square Footage.

C. SPECIAL TAX RATES

1. Assigned Special Tax for Developed Property and Provisional Welfare Property

The Assigned Special Tax applicable to an Assessor’s Parcel classified as Developed Property or Provisional Welfare Property commencing in Fiscal Year 2021-22 shall be determined pursuant to Tables 1, 2 and 3 below.

Table 1

Zone 1 Assigned Special Tax Rates

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax
1	Single Family Property	≥ 2,500	\$2,300 per Residential Unit
2	Single Family Property	2,400 – 2,499	\$2,225 per Residential Unit
3	Single Family Property	2,300 – 2,399	\$2,175 per Residential Unit
4	Single Family Property	2,200 – 2,299	\$2,100 per Residential Unit
5	Single Family Property	2,100 – 2,199	\$2,025 per Residential Unit
6	Single Family Property	2,000 – 2,099	\$1,925 per Residential Unit
7	Single Family Property	1,900 – 1,999	\$1,600 per Residential Unit
8	Single Family Property	1,800 – 1,899	\$1,550 per Residential Unit
9	Single Family Property	< 1,800	\$1,275 per Residential Unit
10	Non-Residential Property	NA	NA

Table 2

Zone 2 Assigned Special Tax Rates

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax
1	Single Family Property	≥ 3,400	\$3,025 per Residential Unit
2	Single Family Property	3,200 – 3,399	\$2,975 per Residential Unit
3	Single Family Property	3,000 – 3,199	\$2,875 per Residential Unit
4	Single Family Property	2,800 – 2,999	\$2,800 per Residential Unit
5	Single Family Property	2,600 – 2,799	\$2,675 per Residential Unit
6	Single Family Property	2,400 – 2,599	\$2,625 per Residential Unit
7	Single Family Property	2,200 – 2,399	\$2,600 per Residential Unit
8	Single Family Property	2,000 – 2,199	\$2,575 per Residential Unit
9	Single Family Property	< 2,000	\$2,475 per Residential Unit
10	Non-Residential Property	NA	NA

Table 3**Zone 3 Assigned Special Tax Rates**

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax
1	Single Family Property	$\geq 2,500$	\$2,300 per Residential Unit
2	Single Family Property	2,400 – 2,499	\$2,225 per Residential Unit
3	Single Family Property	2,300 – 2,399	\$2,175 per Residential Unit
4	Single Family Property	2,200 – 2,299	\$2,100 per Residential Unit
5	Single Family Property	2,100 – 2,199	\$2,025 per Residential Unit
6	Single Family Property	2,000 – 2,099	\$1,925 per Residential Unit
7	Single Family Property	1,900 – 1,999	\$1,600 per Residential Unit
8	Single Family Property	1,800 – 1,899	\$1,550 per Residential Unit
9	Single Family Property	$< 1,800$	\$1,275 per Residential Unit
10	Apartment Property	NA	\$750 per Residential Unit
11	Non-Residential Property	NA	NA

On each July 1, commencing July 1, 2022, the Assigned Special Tax for Developed Property and Provisional Welfare Property shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

2. Backup Special Tax for Developed Property and Provisional Welfare Property

The Backup Special Tax for Developed Property and Provisional Welfare Property commencing in Fiscal Year 2021-22 shall be \$15,419 per Acre for Zone 1, \$19,322 per Acre for Zone 2 and \$22,662 per Acre for Zone 3.

Each July 1, commencing July 1, 2022, the Backup Special Tax for Developed Property and Provisional Welfare Property shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

For the purpose of calculating the Backup Special Tax, the land area applicable to Apartment Property shall be computed from the Acreage of the Lot on which the Apartment Property is located, with the Acreage for such Lot allocated equally among all of the Apartment Property located or to be located on such Lot.

3. Maximum Special Tax for Developed Property and Provisional Welfare Property

The Maximum Special Tax for Developed Property and Provisional Welfare Property shall be the greater of the Assigned Special Tax for Developed Property and Provisional Welfare Property or the Backup Special Tax for Developed Property and Provisional Welfare Property.

4. Maximum Special Tax for Provisional Property, Approved Property and Undeveloped Property

The Maximum Special Tax for Provisional Property, Approved Property, and Undeveloped Property commencing in Fiscal Year 2021-22 shall be \$15,419 per Acre for Zone 1, \$19,322 per Acre for Zone 2 and \$22,662 per Acre for Zone 3.

Each July 1, commencing July 1, 2022, the Maximum Special Tax for Provisional Property, Approved Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

D. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2021-22, the CFD Administrator shall levy the Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after Step 2 has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax for Undeveloped Property.

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the Maximum Special Tax for Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Welfare Property in an amount up to 100% of the Maximum Special Tax for Provisional Property.

Step 6: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax for Provisional Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor's Parcel within CFD No. 2021-1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

E. COLLECTION OF SPECIAL TAXES

Collection of the Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. PREPAYMENT OF SPECIAL TAX OBLIGATION

1. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The following definitions apply to this Section F:

"CFD Public Facilities Costs" means \$30,000,000 or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the Act and financing program for CFD No. 2021-1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2021-1.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund that are expected to be available to finance CFD Public Facilities Costs.

"Outstanding Bonds" means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax prepayments.

"Previously Issued Bonds" means all Bonds that have been issued prior to the date of prepayment.

The Special Tax Obligation applicable to an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Property that has been included in a Final Map may be prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no

delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for the CFD No. 2021-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Costs
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For an Assessor’s Parcel of Developed Property, compute the Maximum Special Tax for the Assessor’s Parcel as though all Assessor’s Parcels of Taxable Property within CFD No. 2021-1 have been built out. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued or Provisional Property to be prepaid, compute the Maximum Special Tax for the Assessor’s Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the estimated total amount of Special Taxes that could be levied at build out of all Assessor’s Parcels of Taxable Property based on the applicable Maximum Special Tax for all such Assessor’s Parcels of Taxable Property not including any Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor’s Parcel (the “Future Facilities Amount”).

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The amount to prepay the Special Tax Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit and the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of CFD No. 2021-1 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem CFD No. 2021-1 Bonds to be used with the next prepayment of CFD No. 2021-1 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

2. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Property that has been included in a Final Map may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (PE-A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section F.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax Obligation

A = the Prepayment Administrative Fees and Expenses from Section F.1

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1., and (ii) indicate in the records of CFD No. 2021-1 that there has been a partial prepayment of the Special Tax Obligation and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to meet the Special Tax Requirement for a period not to exceed forty-five (45) Fiscal Years commencing with Fiscal Year 2021-22, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on CFD No. 2021-1 Bonds have been paid.

H. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Lower Income Households Welfare Exemption Property, and (vi) Assessor's Parcels classified as Non-Residential Property as determined reasonably by the CFD Administrator, provided that no such

classification would reduce the sum of all Taxable Property in CFD No. 2021-1 to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3. Assessor's Parcels of Lower Income Households Welfare Exemption Property which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2021-1 to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3 shall be classified as Provisional Welfare Property and will continue to be subject to the CFD No. 2021-1 Special Taxes accordingly. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2021-1 to less than 44.86 Acres in Zone 1, 48.84 Acres in Zone 2 or 11.12 Acres in Zone 3 shall be classified as Provisional Property and will continue to be subject to the CFD No. 2021-1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property, except for Non-Residential Property, which will be assigned tax exempt status only after all other eligible property types have been classified as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section H above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

I. APPEALS AND INTERPRETATIONS

Any property owner claiming that the amounts or application of the Special Taxes is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Taxes that are disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Taxes, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made but an adjustment shall be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Taxes.

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- i. Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- ii. Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- iii. Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the Council. Upon the receipt of such notice, the Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

The Council or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the Council or designee shall be final.

Exhibit A
Zone Descriptions

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

REAL PROPERTY IN THE CITY OF PALM DESERT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, LOCATED IN SECTION 33, TOWNSHIP 4 SOUTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

THAT PORTION OF ADJUSTED PARCEL 9 AND ADJUSTED PARCEL 15 AS SHOWN AND DESCRIBED IN THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. 05-01, AS SHOWN ON DOCUMENT NO. 2005-0696754, OF OFFICIAL RECORDS, TOGETHER WITH PARCELS 1, 2 AND 3 OF THAT CERTAIN CERTIFICATE OF COMPLIANCE / WAIVER OF PARCEL MAP, PMW 10-167, AS SHOWN ON DOCUMENT NO. 2010-0425283, RECORDED SEPTEMBER 03, 2010, OF OFFICIAL RECORDS, ALSO TOGETHER WITH THOSE PORTIONS OF PARCELS 4, 5 AND 6 OF PARCEL MAP NO. 31730, AS SHOWN BY MAP ON FILE IN BOOK 211, PAGES 63 THROUGH 75, INCLUSIVE OF PARCEL MAPS, RECORDS OF SAID COUNTY, ALSO TOGETHER WITH PARCEL A AS SHOWN AND DESCRIBED IN THAT CERTAIN CERTIFICATE OF COMPLIANCE / WAIVER OF PARCEL MAP, PMW 06-01, AS SHOWN ON DOCUMENT NO. 2006-0668994, RECORDED SEPTEMBER 8, 2006, OF OFFICIAL RECORDS, ALSO TOGETHER WITH THOSE PARCELS DESCRIBED IN DOCUMENT NO. 2006-0951880, RECORDED DECEMBER 29, 2006, OF OFFICIAL RECORDS AND DOCUMENT NO. 2008-0640595, RECORDED DECEMBER 05, 2008, OF OFFICIAL RECORDS, AND DOCUMENT NO. 2006-0951883, RECORDED DECEMBER 29, 2006, OF OFFICIAL RECORDS AND DOCUMENT NO. 2008-0640594, RECORDED DECEMBER 05, 2008, OF OFFICIAL RECORDS, EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF PALM DESERT AS DESCRIBED IN DOCUMENT NO. 2008-544124, RECORDED OCTOBER 8, 2008, OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 1 – PARCEL A:

BEGINNING AT THE MOST SOUTHERLY SOUTHWEST CORNER OF PARCEL 1 OF SAID WAIVER OF PARCEL MAP, PMW 10-167;

THENCE NORTH 47°41'41" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 1 A DISTANCE OF 31.14 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL 1;

THENCE ALONG SAID WESTERLY LINE AND THE WESTERLY LINE OF SAID DOCUMENT NO. 2008-0640594, THE FOLLOWING COURSES:

THENCE NORTH 00°05'32" WEST, A DISTANCE OF 669.77 FEET;

THENCE NORTH 01°03'06" EAST, A DISTANCE OF 560.71 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 268.46 FEET;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 09°24'00", AN ARC DISTANCE OF 44.04 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE WESTERLY, HAVING A RADIUS OF 256.53 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 79°32'54" EAST;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 10°32'38", AN ARC DISTANCE OF 47.21;

THENCE NORTH 00°05'32" WEST, A DISTANCE OF 188.26 FEET TO THE MOST WESTERLY NORTHWEST CORNER OF SAID PARCEL 1;

THENCE NORTH 44°55'18" EAST, A DISTANCE OF 24.03 FEET TO A POINT ON THE NORTHERLY LINE OF SAID PARCEL 1;

THENCE NORTH 89°56'07" EAST, ALONG SAID NORTHERLY LINE OF PARCEL 1 AND THE NORTHERLY LINE OF PARCEL 2 OF SAID PMW 10-167, A DISTANCE OF 1479.95 FEET TO THE MOST NORTHERLY NORTHEAST CORNER OF SAID PARCEL 2;

THENCE SOUTH 45°03'53" EAST, ALONG THE NORTHEASTERLY LINE OF LINE OF SAID PARCEL 2 A DISTANCE OF 24.04 FEET TO A POINT ON THE EASTERLY LINE OF SAID PARCEL 2;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE ALONG SAID EASTERLY LINE AND THE EASTERLY LINE OF SAID PARCEL 3 OF SAID PMW 10-167 THE FOLLOWING COURSES;

THENCE SOUTH 00°03'53" EAST, ALONG SAID EASTERLY LINE A DISTANCE OF 535.08 FEET;

THENCE NORTH 89°56'07" EAST, A DISTANCE OF 16.00 FEET;

THENCE SOUTH 00°03'53" EAST, A DISTANCE OF 217.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, HAVING A RADIUS OF 3089.00 FEET;

THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°12'57", AN ARC DISTANCE OF 442.94 FEET TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 81°50'56" EAST;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 85°56'04", AN ARC DISTANCE OF 68.99 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1335.00 FEET, BEING A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 3, A RADIAL LINE TO SAID POINT BEARS NORTH 04°05'08" EAST;

THENCE ALONG SAID SOUTHERLY LINE AND WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 28°13'49", AN ARC DISTANCE OF 657.77 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 24°08'41" WEST;

THENCE LEAVING SAID SOUTHERLY LINE AND NON-TANGENT TO SAID CURVE, NORTH 24°08'41" WEST, A DISTANCE OF 126.76 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1000.00 FEET;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°37'59", AN ARC DISTANCE OF 115.77 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°29'18" WEST;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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(UNIVERSITY PARK)

THENCE NON-TANGENT TO SAID CURVE NORTH 69°46'27" EAST, A DISTANCE OF 107.71 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1500.00 FEET;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°21'19", AN ARC DISTANCE OF 375.82 FEET;

THENCE NORTH 84°07'46" EAST, A DISTANCE OF 16.40 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 60.00 FEET;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 84°11'39", AN ARC DISTANCE OF 88.17 FEET;

THENCE NORTH 00°03'53" WEST, A DISTANCE OF 704.02 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 53.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 68°06'50", AN ARC DISTANCE OF 63.01 FEET;

THENCE NORTH 68°10'43" WEST, A DISTANCE OF 131.40 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 21°53'10", AN ARC DISTANCE OF 76.40 FEET;

THENCE SOUTH 89°56'07" WEST, A DISTANCE OF 290.28 FEET;

THENCE SOUTH 00°03'53" EAST, A DISTANCE OF 324.10 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°20'30", AN ARC DISTANCE OF 84.97 FEET;

THENCE SOUTH 24°24'23" EAST, A DISTANCE OF 25.60 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 24°24'23" WEST;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 48°50'20", AN ARC DISTANCE OF 170.48 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 73°14'43" WEST;

THENCE NON-TANGENT TO SAID CURVE NORTH 73°14'43" WEST, A DISTANCE OF 73.87 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 300.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°49'10", AN ARC DISTANCE OF 88.07 FEET;

THENCE SOUTH 89°56'07" WEST, A DISTANCE OF 113.04 FEET;

THENCE SOUTH 00°03'53" EAST, A DISTANCE OF 159.04 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 800.00 FEET;

THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 17°57'58", AN ARC DISTANCE OF 250.85 FEET;

THENCE SOUTH 18°01'51" EAST, A DISTANCE OF 254.25 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 53.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°21'27", AN ARC DISTANCE OF 83.58 FEET;

THENCE SOUTH 72°19'36" WEST, A DISTANCE OF 4.07 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 800.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 17°37'12", AN ARC DISTANCE OF 246.02 FEET;

THENCE SOUTH 89°56'48" WEST, A DISTANCE OF 39.62 FEET;

THENCE SOUTH 11°34'59" WEST, A DISTANCE OF 142.98 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 1 OF PMW 10-167, SAID POINT ALSO HERINAFTER REFERRED TO AS **POINT "A"**;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE SOUTH 89°54'28" WEST, ALONG SAID SOUTHERLY LINE A DISTANCE OF 13.25 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE AND WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 07°37'42", AN ARC DISTANCE OF 43.27 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 353.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 07°32'10" EAST;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE AND WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 07°37'42", AN ARC DISTANCE OF 47.00 FEET;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89°54'28" WEST, A DISTANCE OF 42.25 FEET, TO THE **POINT OF BEGINNING**;

CONTAINING 1,378,618 SQUARE FEET OR 31.649 ACRES MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 1 – PARCEL B:

COMMENCING AT THE NORTHWESTERLY CORNER OF THE ADJUSTED PARCEL 9 AS SHOWN IN SAID CERTIFICATE OF COMPLIANCE NO. 05-01, BEING A POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 269.66', A RADIAL LINE TO SAID POINT BEARS SOUTH 15°12'05" WEST,

THENCE NORTHEASTERLY ALONG THE NORTHERLY LINE AND ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°42'02", A DISTANCE OF 269.66 FEET TO A POINT OF REVERSE CURVE HAVING A RADIUS OF 1,259.00 FEET A RADIAL LINE BEARS NORTH 29°54'07" WEST;

THENCE CONTINUING ALONG SAID NORTHERLY LINE AND NORTHEASTERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 05°45'26", A DISTANCE OF 126.51 FEET TO THE **TRUE POINT OF BEGINNING**, A RADIAL LINE TO SAID POINT BEARS NORTH 24°08'41" WEST;

THENCE CONTINUING ALONG THE ARC OF SAID CURVE AND ALONG THE NORTHERLY LINE OF SAID PARCEL 9 THE FOLLOWING COURSES:

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 28°14'47", AN ARC DISTANCE OF 620.68 FEET, TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 36.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 04°06'06" EAST;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 46°54'33", AN ARC DISTANCE OF 29.47 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 69.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 51°00'39" EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 87°02'24", AN ARC DISTANCE OF 104.82 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 36.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 36°01'45" WEST;

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COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 46°54'33", AN ARC DISTANCE OF 29.47 FEET TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1,259.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 10°52'48" EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°29'18", AN ARC DISTANCE OF 362.31 FEET;

THENCE SOUTH 62°37'54" EAST, A DISTANCE OF 251.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 959.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°22'04", AN ARC DISTANCE OF 56.37 FEET;

THENCE LEAVING SAID NORTHERLY LINE SOUTH 28°08'00" WEST, A DISTANCE OF 229.77 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1,000.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 10°03'37", AN ARC DISTANCE OF 175.58 FEET;

THENCE SOUTH 18°04'23" WEST, A DISTANCE OF 82.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1,000.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 22°26'16" EAST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°11'25", AN ARC DISTANCE OF 142.95 FEET;

THENCE NORTH 75°45'09" WEST, A DISTANCE OF 498.84 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 780.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23°09'01", AN ARC DISTANCE OF 315.16 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

THENCE NORTH 52°36'08" WEST, A DISTANCE OF 108.61 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 500.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 28°27'27", AN ARC DISTANCE OF 248.34 FEET;

THENCE NORTH 24°08'41" WEST, A DISTANCE OF 57.79 FEET TO THE **TRUE POINT OF BEGINNING**;

CONTAINING 607,149 SQUARE FEET OR 13.938 ACRES, MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 1 – PARCEL C:

BEGINNING AT MOST EASTERLY CORNER OF ADJUSTED PARCEL 9, SAID POINT ALSO BEING THE NORTHWEST CORNER OF ADJUSTED PARCEL 15 OF SAID CERTIFICATE OF COMPLIANCE NO. 05-01;

THENCE SOUTH 16°36'22" WEST, A DISTANCE OF 157.67 FEET;

THENCE SOUTH 38°44'49" WEST, A DISTANCE OF 115.54 FEET;

THENCE SOUTH 78°23'07" WEST, A DISTANCE OF 21.35 FEET;

THENCE SOUTH 37°22'19" WEST, A DISTANCE OF 159.41 FEET;

THENCE SOUTH 13°07'30" WEST, A DISTANCE OF 502.86 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF SAID ADJUSTED PARCEL 9;

THENCE ALONG SAID SOUTHWESTERLY LINE THE FOLLOWING COURSES:

THENCE NORTH 58°54'10" WEST, A DISTANCE OF 15.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 154.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 27°47'21", AN ARC DISTANCE OF 74.69 FEET;

THENCE NORTH 31°06'49" WEST, A DISTANCE OF 61.06 FEET;

THENCE NORTH 25°01'56" WEST, A DISTANCE OF 74.98 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1066.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 54°52'33" EAST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 07°05'33", AN ARC DISTANCE OF 131.96 FEET;

THENCE NORTH 42°13'00" WEST, A DISTANCE OF 186.14 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1266.00 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 07°32'48", AN ARC DISTANCE OF 166.75 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 484.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 40°14'12" WEST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 36°52'42", AN ARC DISTANCE OF 311.53 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 77°06'54" EAST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 62°16'13", AN ARC DISTANCE OF 54.34 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 434.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 14°50'41" WEST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 43°08'03", AN ARC DISTANCE OF 326.73 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 866.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 57°58'44" EAST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°50'55", AN ARC DISTANCE OF 224.43 FEET;

THENCE NORTH 46°52'11" WEST, A DISTANCE OF 259.34 FEET;

THENCE NORTH 38°47'30" WEST, A DISTANCE OF 145.37 FEET;

THENCE LEAVING SAID SOUTHWESTERLY LINE, NORTH 51°12'30" EAST, A DISTANCE OF 148.74 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°31'22", AN ARC DISTANCE OF 85.60 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE NORTH 75°43'52" EAST, A DISTANCE OF 354.89 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 800.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 74°28'27" WEST;

THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°41'16", AN ARC DISTANCE OF 51.49 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 70°47'11" WEST;

THENCE NON-TANGENT TO SAID CURVE NORTH 65°27'31" EAST, A DISTANCE OF 205.76 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID ADJUSTED PARCEL 9 AND TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 638.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°16'27" WEST;

THENCE ALONG SAID NORTHEASTERLY LINE THE FOLLOWING COURSES:

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 27°53'41", AN ARC DISTANCE OF 310.61 FEET;

THENCE SOUTH 45°37'14" EAST, A DISTANCE OF 576.76 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 888.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 27°46'24", AN ARC DISTANCE OF 430.45 FEET TO THE **POINT OF BEGINNING**;

CONTAINING 1,145,007 SQUARE FEET OR 26.286 ACRES MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 2 – PARCEL A:

BEGINNING AT HEREINABOVE DESCRIBED POINT "A";

THENCE NORTH 11°34'59" EAST, A DISTANCE OF 142.98 FEET;

THENCE NORTH 89°56'48" EAST, A DISTANCE OF 39.62 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 800.00 FEET;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 17°37'12", AN ARC DISTANCE OF 246.02 FEET;

THENCE NORTH 72°19'36" EAST, A DISTANCE OF 4.07 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 53.00 FEET;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°21'27", AN ARC DISTANCE OF 83.58 FEET;

THENCE NORTH 18°01'51" WEST, A DISTANCE OF 254.25 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 800.00 FEET;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 17°57'58", AN ARC DISTANCE OF 250.85 FEET;

THENCE NORTH 00°03'53" WEST, A DISTANCE OF 159.04 FEET;

THENCE NORTH 89°56'07" EAST, A DISTANCE OF 113.04 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 300.00 FEET;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°49'10", AN ARC DISTANCE OF 88.07 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE SOUTH 73°14'43" EAST, A DISTANCE OF 73.87 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 73°14'43" WEST;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 48°50'20", AN ARC DISTANCE OF 170.48 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 24°24'23" WEST;

THENCE NON-TANGENT TO SAID CURVE NORTH 24°24'23" WEST, A DISTANCE OF 25.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°20'30", AN ARC DISTANCE OF 84.97 FEET;

THENCE NORTH 00°03'53" WEST, A DISTANCE OF 324.10 FEET;

THENCE NORTH 89°56'07" EAST, A DISTANCE OF 290.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 21°53'10", AN ARC DISTANCE OF 76.40 FEET;

THENCE SOUTH 68°10'43" EAST, A DISTANCE OF 131.40 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 53.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 68°06'50", AN ARC DISTANCE OF 63.01 FEET;

THENCE SOUTH 00°03'53" EAST, A DISTANCE OF 704.02 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 60.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 84°11'39", AN ARC DISTANCE OF 88.17 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

THENCE SOUTH 84°07'46" WEST, A DISTANCE OF 16.40 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1500.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°21'19", AN ARC DISTANCE OF 375.82 FEET;

THENCE SOUTH 69°46'27" WEST, A DISTANCE OF 107.71 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1000.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°29'18" WEST;

THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°37'59", AN ARC DISTANCE OF 115.77 FEET;

THENCE SOUTH 24°08'41" EAST, A DISTANCE OF 126.76 FEET TO A POINT ON THE SOUTHERLY LINE OF PARCEL 1 OF SAID PMW 10-167 AND THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1335.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 24°08'41" WEST;

THENCE ALONG SAID SOUTHERLY LINE THE FOLLOWING COURSES:

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 05°45'26", AN ARC DISTANCE OF 134.14 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 975.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 29°54'07" EAST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 29°48'35", AN ARC DISTANCE OF 507.27 FEET;

THENCE SOUTH 89°54'28" WEST, A DISTANCE OF 54.69 FEET, TO THE **POINT OF BEGINNING**;

CONTAINING 763,742 SQUARE FEET OR 17.533 ACRES MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 2 – PARCEL B:

BEGINNING AT THE MOST NORTHERLY NORTHWEST CORNER OF PARCEL 4 OF SAID PARCEL MAP NO. 31730;

THENCE ALONG THE NORTHERLY AND NORTHEASTERLY LINE OF SAID PARCEL 4 THE FOLLOWING COURSES:

THENCE NORTH 89°56'07" EAST, A DISTANCE OF 302.93 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 925.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 92°20'20", AN ARC DISTANCE OF 1490.75 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1075.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 87°43'33" WEST;

THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 4 AND THE EASTERLY LINE OF PARCEL A OF SAID PMW 06-01 AND SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 27°51'06", AN ARC DISTANCE OF 522.56 FEET, TO THE MOST EASTERLY CORNER OF SAID PARCEL A, A RADIAL LINE TO SAID POINT BEARS SOUTH 64°25'21" WEST;

THENCE ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL A THE FOLLOWING COURSES:

THENCE NON-TANGENT TO SAID CURVE SOUTH 50°53'34" WEST, A DISTANCE OF 181.44 FEET;

THENCE SOUTH 50°06'39" WEST, DISTANCE OF 364.36 FEET TO THE MOST SOUTHERLY CORNER OF SAID PARCEL A;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL A AND THE SOUTHWESTERLY LINE OF PARCEL 6 OF SAID PARCEL MAP NO. 31730 THE FOLLOWING COURSES:

THENCE NORTH 39°53'21" WEST, A DISTANCE OF 63.45 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1035.00 FEET;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 22°44'33", AN ARC DISTANCE OF 410.82 FEET;

THENCE NORTH 62°37'54" WEST, A DISTANCE OF 251.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1335.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°18'29", AN ARC DISTANCE OF 379.98 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 11°03'37" WEST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 87°03'38", AN ARC DISTANCE OF 69.90 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE WESTERLY, HAVING A RADIUS OF 3165.00 FEET, BEING A POINT ON THE WESTERLY LINE OF SAID PARCEL 6, A RADIAL LINE TO SAID POINT BEARS SOUTH 81°52'45" EAST;

THENCE ALONG SAID WESTERLY LINE AND THE WESTERLY LINE OF PARCEL 5 OF SAID PARCEL MAP NO. 31730 AND NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°11'08", AN ARC DISTANCE OF 452.17 FEET;

THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 00°03'53" WEST, A DISTANCE OF 217.72 FEET;

THENCE NORTH 89°56'07" EAST, A DISTANCE OF 16.00 FEET TO SOUTHWEST CORNER OF SAID PARCEL 4 OF PARCEL MAP 31730;

THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 4 NORTH 00°03'53" WEST, A DISTANCE OF 541.08 FEET;

THENCE NORTH 57°01'48" EAST, A DISTANCE OF 20.25 FEET, TO THE **POINT OF BEGINNING**;

CONTAINING 1,760,543 SQUARE FEET OR 40.417 ACRES MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 2 – PARCEL C:

BEGINNING AT THE MOST NORTHWESTERLY CORNER OF ADJUSTED PARCEL 9, OF SAID CERTIFICATE OF COMPLIANCE NO. 05-01, BEING A POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1,051.00 FEET, A RADIAL LINE TO SAID POINT BEARS S 15°12'05" E;

THENCE ALONG THE NORTHERLY LINE OF SAID ADJUSTED PARCEL 9 AND NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°42'02", AN ARC DISTANCE OF 269.66 FEET, TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1,259.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 29°54'07" EAST;

THENCE CONTINUING ALONG SAID NORTHERLY LINE AND NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 05°45'26", AN ARC DISTANCE OF 126.51 FEET;

THENCE LEAVING SAID NORTHERLY LINE SOUTH 24°08'41" EAST, A DISTANCE OF 57.79 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 500.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 28°27'27", AN ARC DISTANCE OF 248.34 FEET;

THENCE SOUTH 52°36'08" EAST, A DISTANCE OF 108.61 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 780.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23°09'01", AN ARC DISTANCE OF 315.16 FEET;

THENCE SOUTH 75°45'09" EAST, A DISTANCE OF 498.84 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1,000.00 FEET;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°11'25", AN ARC DISTANCE OF 142.95 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 22°26'16" EAST;

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THENCE NON-TANGENT TO SAID CURVE NORTH 18°04'23" EAST, A DISTANCE OF 82.05 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1,000.00 FEET;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 10°03'37", AN ARC DISTANCE OF 175.58 FEET;

THENCE NORTH 28°08'00" EAST, A DISTANCE OF 229.77 FEET TO A POINT ON THE NORTHERLY LINE OF SAID ADJUSTED PARCEL 9 AND THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 959.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 30°44'10" EAST;

THENCE ALONG SAID NORTHERLY LINE AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°36'47", AN ARC DISTANCE OF 244.59 FEET, TO THE MOST NORTHERLY CORNER OF SAID DOCUMENT NO. 2008-0544124, A RADIAL LINE TO SAID POINT BEARS NORTH 45°20'57" EAST;

THENCE ALONG THE WESTERLY AND SOUTHERLY LINES OF SAID DOCUMENT NO. 2008-0544124 THE FOLLOWING COURSES:

THENCE SOUTH 45°20'57" WEST, A DISTANCE OF 120.70 FEET;

THENCE NORTH 89°56'20" WEST, A DISTANCE OF 15.66 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 83°25'27" EAST;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 95°22'12", AN ARC DISTANCE OF 76.57 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 11°56'45" WEST;

THENCE SOUTH 26°59'27" WEST, A DISTANCE OF 125.86 FEET;

THENCE SOUTH 62°51'01" EAST, A DISTANCE OF 119.88 FEET;

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COMMUNITY FACILITIES DISTRICT 2021-1
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THENCE SOUTH 26°59'33" WEST, A DISTANCE OF 110.63 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 61.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 27°15'08" EAST;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23°44'27", AN ARC DISTANCE OF 25.28 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 50°59'35" EAST;

THENCE NON-TANGENT TO SAID CURVE NORTH 50°59'35" EAST, A DISTANCE OF 48.70 FEET;

THENCE SOUTH 66°59'37" EAST, A DISTANCE OF 187.46 FEET TO THE EASTERLY LINE OF ADJUSTED PARCEL 9 AS SHOWN IN SAID CERTIFICATE OF COMPLIANCE NO. 05-01, AND THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 638.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 58°40'18" WEST;

THENCE ALONG SAID EASTERLY LINE AND SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 49°03'15", AN ARC DISTANCE OF 546.23 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°16'27" WEST;

THENCE LEAVING SAID EASTERLY LINE, SOUTH 65°27'31" WEST, A DISTANCE OF 205.76 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 800.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 70°47'11" WEST;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°41'16", AN ARC DISTANCE OF 51.49 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 74°28'27" WEST;

THENCE NON-TANGENT TO SAID CURVE, SOUTH 75°43'52" WEST, A DISTANCE OF 354.89 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°31'22", AN ARC DISTANCE OF 85.60 FEET;

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COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

THENCE SOUTH 51°12'30" WEST, A DISTANCE OF 148.74 FEET TO THE SOUTHWESTERLY LINE OF SAID PARCEL 9;

THENCE ALONG SAID SOUTHWESTERLY LINE THE FOLLOWING COURSES:

THENCE NORTH 38°47'30" WEST, A DISTANCE OF 352.95 FEET;

THENCE NORTH 41°55'34" WEST, A DISTANCE OF 49.31 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 866.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 37°49'43" EAST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°12'44", AN ARC DISTANCE OF 93.89 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 534.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 31°36'59" EAST;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 48°23'57", AN ARC DISTANCE OF 451.08 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 80°00'56" EAST;

THENCE NON-TANGENT TO SAID CURVE, NORTH 68°56'23" WEST, A DISTANCE OF 69.74 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 536.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 31°12'18", AN ARC DISTANCE OF 291.92 FEET;

THENCE NORTH 37°44'05" WEST, A DISTANCE OF 373.26 FEET;

THENCE NORTH 32°01'27" WEST, A DISTANCE OF 138.08 FEET;

THENCE NORTH 15°12'05" WEST, A DISTANCE OF 57.73 FEET, TO THE **POINT OF BEGINNING.**

CONTAINING 1,392,345 SQUARE FEET OR 31.964 ACRES MORE OR LESS.

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
LEGAL DESCRIPTION
(UNIVERSITY PARK)

ZONE 3:

BEGINNING AT THE NORTHWEST CORNER OF ADJUSTED PARCEL 15, SAID POINT ALSO BEING THE MOST EASTERLY CORNER OF ADJUSTED PARCEL 9 OF SAID CERTIFICATE OF COMPLIANCE NO. 05-01, SAID POINT BEING ON THE ARC OF A CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 888.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 16°36'22" WEST;

THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID ADJUSTED PARCEL 9 ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 15°23'44", AN ARC DISTANCE OF 238.61 FEET;

THENCE CONTINUING ALONG SAID NORTHERLY LINE, SOUTH 88°47'22" EAST, A DISTANCE OF 308.57 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 43.00 FEET;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 67.54 FEET, TO A POINT ON THE EASTERLY LINE OF SAID ADJUSTED PARCEL 15;

THENCE ALONG SAID EASTERLY THE FOLLOWING COURSES:

THENCE SOUTH 01°12'38" WEST, A DISTANCE OF 139.36 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 562.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 65°34'51", AN ARC DISTANCE OF 643.27 FEET;

THENCE SOUTH 66°47'29" WEST, A DISTANCE OF 150.08 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 638.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 30°03'53", AN ARC DISTANCE OF 334.78 FEET TO THE MOST SOUTHERLY CORNER OF SAID ADJUSTED PARCEL 15;

EXHIBIT "A"
COMMUNITY FACILITIES DISTRICT 2021-1
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(UNIVERSITY PARK)

THENCE NORTH 53°16'24" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID ADJUSTED PARCEL 15 A DISTANCE OF 144.10 FEET TO THE SOUTHWEST CORNER THEREOF, SAID POINT ALSO BEING THE MOST SOUTHERLY CORNER OF ADJUSTED PARCEL 9 OF SAID CERTIFICATE OF COMPLIANCE NO. 05-01;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 9, NORTH 58°54'10" WEST, A DISTANCE OF 91.25 FEET;

THENCE LEAVING SAID SOUTHWESTERLY LINE NORTH 13°07'30" EAST, A DISTANCE OF 502.86 FEET;

THENCE NORTH 37°22'19" EAST, A DISTANCE OF 159.41 FEET;

THENCE NORTH 78°23'07" EAST, A DISTANCE OF 21.35 FEET;

THENCE NORTH 38°44'49" EAST, A DISTANCE OF 115.54 FEET;

THENCE N 16°36'22" E, A DISTANCE OF 157.67 FEET TO THE **POINT OF BEGINNING.**

CONTAINING 568,557 SQUARE FEET OR 13.052 ACRES MORE OR LESS.

(APN'S 694-190-053, 694-200-013, 694-200-014, 694-190-079, 694-190-072, 694-190-070, 694-190-010, 694-190-037, 694-190-055, 694-190-031, 694-190-035, 694-190-058, 694-190-056, AND 694-190-038)

PREPARED BY OR UNDER THE DIRECTION OF:

Charles R. Harris

CHARLES R. HARRIS

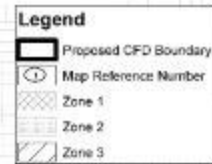
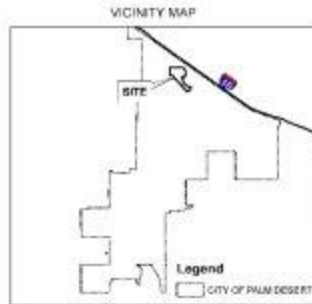
P.L.S. 4989



DATED: 03/18/2021

MAP OF PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2021-1 (UNIVERSITY PARK)

CITY OF PALM DESERT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 20____
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (UNIVERSITY PARK), CITY OF PALM
DESERT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY
THE CITY COUNCIL OF THE CITY OF PALM DESERT AT A REGULAR MEETING
THEREOF, HELD ON THE _____ DAY OF _____, 20____
BY ITS RESOLUTION NO. _____

CITY CLERK
CITY OF PALM DESERT

FILED THIS _____ DAY OF _____, 20____, AT THE HOUR OF _____
O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS AT PAGE(S) _____ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF
RIVERSIDE, STATE OF CALIFORNIA.

PETER ALDANA, ASSESSOR-COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL
BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE RIVERSIDE COUNTY ASSESSOR'S
MAPS FOR THOSE PARCELS LISTED.

THE RIVERSIDE COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS
CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER
1	094-190-010	8	094-190-055
2	094-190-031	9	094-190-058
3	094-190-035	10	094-190-070
4	094-190-037	11	094-190-072
5	094-190-038	12	094-190-079
6	094-190-053	13	094-200-013
7	094-190-055	14	094-200-014



APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

APPENDIX C
APPRAISAL REPORT

APPENDIX D

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

APPENDIX E

FORMS OF DISTRICT CONTINUING DISCLOSURE AGREEMENT AND DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE AGREEMENT dated as of _____, 2024 (the “Disclosure Agreement”) is executed and delivered by and between the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”) and Willdan Financial Services as Dissemination Agent in connection with the issuance of [\$_____] City of Palm Desert Community Facilities District No. 2021-1 (University Park) Special Tax Bonds, Series 2024 (the “Bonds”). The Bonds are issued pursuant to a Bond Indenture, dated as of July 1, 2021 (the “Original Indenture”) as supplemented by the First Supplemental Indenture, dated [March 1, 2024] (the “First Supplemental Indenture” together with the “Original Indenture” referred to as the “Indenture”), between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

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

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person, which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“City” means the City of Palm Desert, County of Riverside, California.

“Disclosure Representative” shall mean the City Manager, Director of Finance of the City or the designee of any one of such officers, or such other officer or employee as the City Manager shall designate in writing from time to time.

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

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

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

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement and any other event legally required to be reported pursuant to the Rule.

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

“Official Statement” means the Official Statement, dated [_____, 2024], relating to the Bonds.

“Participating Underwriter” shall mean Piper Sandler & Co.

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

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2024, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District, if any are prepared, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) Not later than five (5) days prior to the date for the filing of an Annual Report, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by five (5) days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to inquire if the District is in compliance with subsection (a).

(c) If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Dissemination Agent, in a timely manner, shall send a notice to the Repository in the form required by the Repository stating that the Annual Report has not been filed and, if provided by the District, the date the District anticipates the filing to be made.

(d) The Dissemination Agent shall:

(i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided to the Repository pursuant to this Disclosure Agreement and stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the District shall modify the basis upon which its financial statements are prepared, the District shall provide the information referenced in Section 8(b) below regarding such modification. If the District is preparing audited

financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following additional items:

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

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

(iii) an update of Table 3 and Table 4 in the Official Statement based on the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current Fiscal Year;

(iv) a statement regarding the amount of Special Tax prepayments, if any, in the Fiscal Year for which the Annual Report is prepared;

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

(vi) a table showing the total Special Taxes levied and the total Special Taxes collected for the prior fiscal year and the total Special Taxes that, as of December 31, remain unpaid for each prior fiscal year in which Special Taxes were levied and the number of delinquent parcels in the District;

(vii) a list of the property owners within the District responsible for 5% or more of the Special Tax levy for the current Fiscal Year, if any, the percentage of the Special Tax levy for which each such property owner is responsible, and whether any of such owners, as of December 31 preceding the Annual Report, was delinquent in the payment of Special Taxes;

(viii) with respect to the Special Tax levy for the Fiscal Year beginning on the July 1 immediately preceding the April 1 due date by which the Annual Report is required to be filed with EMMA, a statement of the percentage of the annual Special Tax levy for which Developed Property is responsible; and

(ix) any information not already included under 1 through 8 above that the District is required to file in its annual report pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, with the California Debt and Investment Advisory Commission.

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

In the event that the District shall modify the basis upon which its financial statements are prepared, the Dissemination Agent shall provide a notice of such modification to the Repository, including the information set forth in Section 8(b) below.

SECTION 5. Reporting of Significant Events.

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

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.

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

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

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

(ix) Defeasances.

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

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.

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

(xiv) Appointment of a successor or additional fiscal agent or the change of name of the fiscal agent, if material.

(xv) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of "financial obligation," see clause (e)).

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of "financial obligation," see clause (e)).

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

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(xi) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City District cause a notice to be filed as set forth in paragraph (b) above. The Dissemination Agent shall not be responsible for determining whether an event is material.

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

(e) For purposes of Section 5(a)(xv) and (xvi), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the District and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District and shall have no duty to review any information provided to it by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

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

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

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

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

SECTION 9. Format of Filings with Repository. Any report or filing with the Repository pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the 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 of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the 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.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure 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 District to comply with this Disclosure Agreement shall be an action to compel performance and the District shall have no monetary liability to any person as a result of any failure to comply with the terms of this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, the Owners, or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District: City of Palm Desert
Community Facilities District No. 2021-1 (University Park)
73510 Fred Waring Drive
Palm Desert, CA 992260
Attention: Director of Finance

To the Dissemination Agent: Willdan Financial Services
27368 Via Industria #200
Temecula, CA 92590

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. 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.

CITY OF PALM DESERT COMMUNITY FACILITIES
DISTRICT NO. 2021-1 (UNIVERSITY PARK)

By:____
Karina Quintanilla, Mayor

WILLDAN FINANCIAL SERVICES, as Dissemination
Agent

By:____
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Palm Desert Community Facilities District No. 2021-1 (University Park)

Name of Bond Issue: \$_____ City of Palm Desert Community Facilities District No. 2021-1 (University Park) Special Tax Bonds, Series 2024

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Disclosure Agreement of the District, dated the Date of Issuance. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Authorized Officer

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE – UPI

§ _____
**CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

This Continuing Disclosure Certificate (University Park Investor, LLC) (the “Disclosure Certificate”) is executed and delivered by the undersigned (the “Property Owner”) and DPF, LLC as dissemination agent (the “Dissemination Agent”) in connection with the issuance of the bonds captioned above (the “Bonds”) by the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”). The Bonds (defined below) are being issued pursuant to a resolution adopted by the City Council of the City, acting as legislative body of the District on [_____, 2024], and a Bond Indenture, dated as of July 1, 2021 (the “Original Indenture”) as supplemented by the First Supplemental Indenture, dated [March 1, 2024] (the “First Supplemental Indenture” together with the “Original Indenture” referred to as the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”).

The Property Owner covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the Bonds.

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

“Affiliate” means any person presently directly (or indirectly through one or more intermediaries) currently under managerial control of the Property Owner, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or the Property Owner’s ability to pay the Special Taxes related to the Property prior to delinquency).

“Assumption Agreement” means an undertaking of an Obligated Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Obligated Owner’s development and financing plans with respect to the Property), whereby such Obligated Owner or Affiliate agrees to provide Periodic Reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the Property owned by such Obligated Owner and its Affiliates and, at the option of the Property Owner or such Obligated Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“Dissemination Agent” means the DPF, LLC, or any successor Dissemination Agent designated in writing by the Property Owner, and which has filed with the Property Owner, the District and the Trustee a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“District” means City of Palm Desert Community Facilities District No. 2021-1 (University Park).

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

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other

repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Obligated Owner” means, as of any Report Date, an owner of all or a portion of the Property that represents more than 20% of the aggregate special tax obligation in the Planned Development.

“Official Statement” means the final official statement executed by the District in connection with the issuance of the Bonds.

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

“Periodic Report” means any Periodic Report provided by the Property Owner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Planned Development” means the development plan for the Property described in the Official Statement under “PROPERTY OWNERSHIP AND THE DEVELOPMENT” as such information has been updated, if any, in a prior Periodic Report.

“Property” means the property owned by the Property Owners or an Affiliate in the District and subject to the Special Taxes as of the date of determination and (ii) the property in the District that the Property Owners or an Affiliate sold to a Obligated Owner who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) that is owned by such Obligated Owner as of the date of determination.

“Report Date” means April 1 of any fiscal year.

“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.

“Special Taxes” means the special taxes of the District levied on taxable property within the District.

Section 3. Provision of Periodic Reports.

(a) The Property Owner shall, or, upon written direction of the Property Owner the Dissemination Agent shall, not later than the Report Date, commencing April 1, 2024, file with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 calendar days prior to the Report Date, the Property Owner shall provide the Periodic Report to the Dissemination Agent (if different from the Property Owner). The Property Owner shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Property Owner) to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent may conclusively rely upon such certification of the Property Owner and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Property Owner that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Property Owner to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Property Owner does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the

Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the Trustee (if other than the Dissemination Agent), the District, the Participating Underwriter and the Property Owner.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with the MSRB and file a report with the Property Owner (if the Dissemination Agent is other than the Property Owner), the District and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with the MSRB.

Section 4. Content of Periodic Reports. The Property Owner's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Property Owner or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Property Owner shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, the Property Owner's Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The Property Owner shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Property Owner and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Property Owner which is reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent that such failure is not promptly cured by the Property Owner upon discovery thereof;

(iii) filing of a lawsuit of which the Property Owner is aware against the Property Owner or an Affiliate of the Property Owner seeking damages, which is reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Property Owner on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event, the Property Owner shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Property Owner determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Property Owner shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the Trustee, the District and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All of the Property Owner's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 11) on the earliest to occur of the following:

- (i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or
- (ii) if on any date Property Owner is responsible for less than twenty percent (20%) of the aggregate special tax obligation of the property within the District, or
- (iii) the date on which the Property Owner prepays in full all of the Special Taxes attributable to 50% or more of the Property.

The Property Owner shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5. Nothing herein shall require any person (including, without limitation, the District and the Participating Underwriter) to confirm the satisfaction of any condition for termination of the Property Owner's obligations hereunder pursuant to this Section 6.

(b) If a portion of the Property owned by the Property Owner, or any Affiliate of the Property Owner, is conveyed to a Person that, upon such conveyance, will be an Obligated Owner, the obligations of the Property Owner hereunder with respect to the property in the District owned by such Obligated Owner and its Affiliates may be assumed by such Obligated Owner or by an Affiliate thereof, and the Property Owner's obligations hereunder with respect to such property will be terminated. In order to effect such assumption, such Obligated Owner or Affiliate shall enter into an Assumption Agreement in form and substance reasonably satisfactory to the District and the Participating Underwriter.

Section 7. Dissemination Agent. The Property Owner may, from time to time, appoint or engage a Dissemination Agent to assist the Property Owner in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be DPF, LLC. The Dissemination Agent may resign by providing thirty days' written notice to the District, the Property Owner and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Property Owner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Property Owner from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Property Owner chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Property Owner

shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Property Owner to comply with any provision of this Disclosure Certificate, the Trustee shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Property Owner to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Property Owner to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Property Owner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an “Indemnified Party”), harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding losses, liabilities, costs and expenses due to an Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Indenture in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Property Owner, the Trustee, the Bond owners, or any other party. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

To the Issuer:	City of Palm Desert Community Facilities District No. 2021-1(University Park) 73510 Fred Waring Drive Palm Desert, California 92260 Attention: Director of Finance
To the Trustee:	U.S. Bank Trust Company, National Association 633 West 5 th Street, 24 th Floor Los Angeles, California 90071 Attn: Global Corporate Trust Services LM-CA-T24T
To the Participating Underwriter:	Piper Sandler & Co. 2321 Rosecrans Ave., Suite 3200 El Segundo, California 90245 Attention: Public Finance

To the Dissemination Agent: DPGF, LLC
26840 Aliso Viejo Pkwy, Suite 110
Aliso Viejo, California 92656
Attention: Compliance Group

To the Property Owner: University Park Investor, LLC
801 San Ramon Valley Blvd., Suite F
Danville, California 94526
Attention: Ravi Nandwana

provided, however, that all such notices, requests or communication may be made by telephone and promptly confirmed by writing. Any person may, by notice given as aforesaid to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Property Owner (its successors and assigns), the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Property Owner hereunder shall be assumed by any legal successor to the obligations of the Property Owner as a result of a sale, merger, consolidation or other reorganization.

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

Date: _____, 2024

UNIVERSITY PARK INVESTOR, LLC

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED TO:

DPFG, LLC
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer: City of Palm Desert Community Facilities District No. 2021-1 (University Park)
Name of Bond Issue: City of Palm Desert Community Facilities District No. 2021-1 (University Park)
Special Tax Bonds, Series 2024
Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that University Park Investor, LLC (the “**Obligated Owner**”) has not provided a Periodic Report with respect to the above-named bonds as required by that certain Continuing Disclosure Certificate, dated _____, 2024. The Obligated Owner anticipates that the Periodic Report will be filed by _____.

Dated: _____

DPFG, LLC

By: _____
Its: _____

cc: Trustee
District
Participating Underwriter
Property Owner/Obligated Owner

EXHIBIT B

PERIODIC REPORT

\$ _____

**CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated _____, 2024, executed by the undersigned (the “Property Owner”) in connection with the issuance of the above-captioned bonds by City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”).

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 30 days before the date of this Periodic Report).

A. Property currently owned by the Property Owner (the “Property”) in the District (the “District”):

Development name: _____

Number of lots (acreage): _____

B. Status of land development, intract improvements, or construction activities with respect to the Property:

C. Status of building permits and any significant amendments or material changes to the description of land use or development entitlements for the Property described in the Official Statement or the Periodic Report last filed in accordance with the Disclosure Certificate:

D. Status of Special Tax payments on all parcels of Property owned by the Property Owner or its Affiliates:

E. Aggregate property in the District sold (closed escrows) by the Property Owner to end users:

Since the Date of Issuance of the
Bonds

Since the Last Periodic Report

Acres _____

Acres _____

For-sale homes _____

For-sale homes _____

For bulk land sales only (excluding sales of finished lots or completed buildings).

F. Status of any land purchase contracts with other merchant builders or owners other than end users, with regard to the Property.

G. Updates, if any, to tables in "PROPERTY OWNERSHIP AND THE DEVELOPMENT" in the Official Statement.

II. Legal and Financial Status of Property Owner

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Property Owner or its Affiliates or the financial condition and financing plan of the Property Owner or its Affiliates that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, and other than as provided in Section I, describe any development plans or financing plans relating to the Property that are materially different from the proposed development and financing plan described in the Official Statement.

IV. Other Material Information

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

Certification

The undersigned Property Owner hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Property Owner under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE PROPERTY OWNER, THE DEVELOPMENT OF THE PROPERTY, THE PROPERTY OWNER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE PROPERTY OWNER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE PROPERTY OWNER. THE PROPERTY OWNER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE PROPERTY OWNER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

UNIVERSITY PARK INVESTOR, LLC

By: _____
Name: _____
Title: _____

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE – TOLL

\$ _____
**CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

This Continuing Disclosure Certificate (Toll) (the “Disclosure Certificate”) is executed and delivered by the undersigned (the “Developer”) and [_____] as dissemination agent (the “Dissemination Agent”) in connection with the issuance of the bonds captioned above (the “Bonds”) by the City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”). The Bonds (defined below) are being issued pursuant to a resolution adopted by the City Council of the City, acting as legislative body of the District on [_____, 2024], and a Bond Indenture, dated as of July 1, 2021 (the “Original Indenture”) as supplemented by the First Supplemental Indenture, dated [March 1, 2024] (the “First Supplemental Indenture” together with the “Original Indenture” referred to as the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”).

The Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

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

“Affiliate” means any person presently directly (or indirectly through one or more intermediaries) currently under managerial control of the Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or the Developer’s ability to pay the Special Taxes related to the Property prior to delinquency).

“Assumption Agreement” means an undertaking of an Obligated Person, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Obligated Person’s development and financing plans with respect to the Property), whereby such Obligated Person or Affiliate agrees to provide Periodic Reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the Property owned by such Obligated Person and its Affiliates and, at the option of the Developer or such Obligated Person, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“Dissemination Agent” means the [_____] , or any successor Dissemination Agent designated in writing by the Developer, and which has filed with the Developer, the District and the Trustee a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“District” means City of Palm Desert Community Facilities District No. 2021-1 (University Park).

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

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other

repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Obligated Person” means, as of any Report Date, an owner of all or a portion of the Property that represents more than 20% of the aggregate special tax obligation in the Planned Development.

“Official Statement” means the final official statement executed by the District in connection with the issuance of the Bonds.

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

“Periodic Report” means any Periodic Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Planned Development” means the development plan for the Property described in the Official Statement under “PROPERTY OWNERSHIP AND THE DEVELOPMENT” as such information has been updated, if any, in a prior Periodic Report.

“Property” means the property owned by the Developer or an Affiliate in the District and subject to the Special Taxes as of the date of determination and (ii) the property in the District that the Developer or an Affiliate sold to a Obligated Person who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) that is owned by such Obligated Person as of the date of determination.

“Report Date” means April 1 of any fiscal year.

“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.

“Special Taxes” means the special taxes of the District levied on taxable property within the District.

Section 3. Provision of Periodic Reports.

(a) The Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing April 1, 2024, file with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer) to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination

Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the Trustee (if other than the Dissemination Agent), the District, the Participating Underwriter and the Developer.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with the MSRB and file a report with the Developer (if the Dissemination Agent is other than the Developer), the District and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with the MSRB.

Section 4. Content of Periodic Reports. The Developer's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B, any or all of which may be Developer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, the Developer's Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent that such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate of the Developer seeking damages, which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the Trustee, the District and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All of the Developer's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 11) on the earliest to occur of the following:

- (i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or
- (ii) if on any date Developer is responsible for less than twenty percent (20%) of the aggregate special tax obligation of the property within the District, or
- (iii) the date on which the Developer prepays in full all of the Special Taxes attributable to 50% or more of the Property.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5. Nothing herein shall require any person (including, without limitation, the District and the Participating Underwriter) to confirm the satisfaction of any condition for termination of the Developer's obligations hereunder pursuant to this Section 6.

(b) If a portion of the Property developed by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be an Obligated Person, the obligations of the Developer hereunder with respect to the property in the District owned by such Obligated Person and its Affiliates may be assumed by such Obligated Person or by an Affiliate thereof, and the Developer's obligations hereunder with respect to such property will be terminated. In order to effect such assumption, such Obligated Person or Affiliate shall enter into an Assumption Agreement in form and substance reasonably satisfactory to the District and the Participating Underwriter.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be [_____]. The Dissemination Agent may resign by providing thirty days' written notice to the District, the Developer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation

under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Trustee shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an “Indemnified Party”), harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding losses, liabilities, costs and expenses due to an Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Indenture in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Developer, the Trustee, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

To the Issuer:	City of Palm Desert Community Facilities District No. 2021-1(University Park) 73510 Fred Waring Drive Palm Desert, California 92260 Attention: Director of Finance
To the Trustee:	U.S. Bank Trust Company, National Association 633 West 5 th Street, 24 th Floor Los Angeles, California 90071 Attn: Global Corporate Trust Services LM-CA-T24T
To the Participating Underwriter:	Piper Sandler & Co. 120 Vantis, Suite 330 Aliso Viejo, California 92656 Attention: Public Finance
To the Developer:	[Toll Brothers] 350 Commerce, Suite 200 Irvine, CA 92602 Attention: Salvador Avila

provided, however, that all such notices, requests or communication may be made by telephone and promptly confirmed by writing. Any person may, by notice given as aforesaid to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Developer (its successors and assigns), the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

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

Date: _____, 2024

[TOLL BROTHERS]

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer: City of Palm Desert Community Facilities District No. 2021-1 (University Park)
Name of Bond Issue: City of Palm Desert Community Facilities District No. 2021-1 (University Park)
Special Tax Bonds, Series 2024
Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that [TOLL BROTHERS] (the “**Obligated Person**”) has not provided a Periodic Report with respect to the above-named bonds as required by that certain Continuing Disclosure Certificate, dated _____, 2024. The Obligated Person anticipates that the Periodic Report will be filed by _____.

Dated: _____

[TOLL BROTHERS]

By: _____
Its: _____

cc: Trustee
District
Participating Underwriter
Developer/Obligated Person

EXHIBIT B

PERIODIC REPORT

**§ _____
CITY OF PALM DESERT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(UNIVERSITY PARK)
SPECIAL TAX BONDS, SERIES 2024**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated _____, 2024, executed by the undersigned (the “Developer”) in connection with the issuance of the above-captioned bonds by City of Palm Desert Community Facilities District No. 2021-1 (University Park) (the “District”).

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Development

The information in this section is provided as of _____ (this date must be not more than 30 days before the date of this Periodic Report).

A. Property currently developed by the Developer (the “Property”) in the District (the “District”):

Development name: _____

Number of lots (acreage): _____

B. Status of land development, intract improvements, or construction activities with respect to the Property:

C. Status of building permits and any significant amendments or material changes to the description of land use or development entitlements for the Property described in the Official Statement or the Periodic Report last filed in accordance with the Disclosure Certificate:

D. Status of Special Tax payments on all parcels of Property of the Developer or its Affiliates:

E. Aggregate property in the District sold (closed escrows) by the Developer to end users:

<u>Since the Date of Issuance of the Bonds</u>		<u>Since the Last Periodic Report</u>	
Acres	_____	Acres	_____
For-sale homes	_____	For-sale homes	_____

For bulk land sales only (excluding sales of finished lots or completed buildings).

F. Status of any land purchase contracts with other merchant builders or owners other than end users, with regard to the Property.

G. Updates, if any, to tables in “PROPERTY OWNERSHIP AND THE DEVELOPMENT” in the Official Statement.

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or its Affiliates or the financial condition and financing plan of the Developer or its Affiliates that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, and other than as provided in Section I, describe any development plans or financing plans relating to the Property that are materially different from the proposed development and financing plan described in the Official Statement.

IV. Other Material Information

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

Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

[TOLL BROTHERS]

By: _____
Name: _____
Title: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY

FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

CITY OF PALM DESERT INFORMATION GENERAL ECONOMIC DATA CONCERNING THE CITY OF PALM DESERT AND THE COUNTY OF RIVERSIDE

The following information concerning the City of Palm Desert, the County of Riverside and surrounding areas is included only for the purpose of supplying general information regarding the community. The Bonds are not an obligation of the City.

The following information concerning the City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Local Obligations and the Bonds are not a debt of the City, the State, or any of its political subdivisions and neither said City, said State, nor any of its political subdivisions is liable therefor.

Overview

The City of Palm Desert (the “City”), incorporated in November 26, 1973 as a general law city, became a charter city through the adoption of Ordinance 858 by the City Council on January 8, 1998. The City is located in the Coachella Valley and is approximately mid-way between the cities of Indio and Palm Springs, 117 miles east of Los Angeles, 118 miles northeast of San Diego and 515 miles southeast of San Francisco.

The City occupies an area of approximately 26 square miles. Elevation of the City is 243 feet and the mean temperature is 73.1 degrees. Except in summer, the weather is mild and annual average rainfall is 3.38 inches. According to the State of California Department of Finance, the City population as of January 1, 2023, was approximately 50,615.

Government

The City Council is comprised of five members, elected to four-year terms every two years. In 2020, changes were made to the City’s elections as a result of a legal settlement related to the California Voting Rights Act. A new downtown district, comprising about 20% of the City’s population was created which is represented by one (1) elected City Council member and a larger surrounding district, comprising about 80% of the City’s population was created, which is represented by four (4) elected City Council members. The City implements ranked choice voting. The general municipal election is conducted in November of even-numbered years, and councilmembers are sworn in and take office at the first meeting in December following each election.

The City Council selects one of its members to serve as Mayor for a one-year term and appoints a City Manager to conduct the day to day business of the City and the City Clerk. The City Attorney is appointed by City Council. The City operates as “Contract City” utilizing, primarily, agreements with other governmental entities, private companies and individuals to provide services. Contracted services include police and fire protection provided through the County, animal control, health services, legal services and landscape maintenance.

**TABLE G-1
CITY OF PALM DESERT
CITY COUNCIL MEMBERS**

<u>Name</u>	<u>Office</u>
Karina Quintanilla	Mayor
Jan Harnik	Mayor Pro Tem
Gina Nestande	Council Member
Evan Trubee	Council Member
Kathleen Kelly	Council Member

Labor Force and Employment

The main sources of revenue in the City are derived from tourism and sales tax. Historically, the unemployment rate in the City has been lower than that for the County and the State.

Table H-2 represents the labor patterns in the City, the County, and the State, from 2018 through 2022.

**TABLE G-2
CITY OF PALM DESERT, RIVERSIDE COUNTY AND
STATE OF CALIFORNIA
CIVILIAN LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT
(2018 through 2022)**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2018				
City	4,600	23,500	1,100	4.4
County	1,090,100	1,041,700	48,400	4.2
State	19,289,500	18,469,900	819,600	4.2
2019				
City	24,800	23,800	1,000	4.2
County	1,108,100	1,061,500	46,600	7.3
State	19,413,200	18,617,900	795,300	4.1
2020				
City	25,300	22,500	2,800	11.0
County	1,121,100	1,008,000	113,000	10.1
State	18,971,600	17,047,600	1,924,000	10.1
2021				
City	25,100	23,500	1,700	6.7
County	1,133,000	1,050,000	83,000	7.3
State	18,973,400	17,586,300	1,387,100	7.3
2022				
City	25,700	24,700	1,000	4.1
County	1,152,100	1,104,100	48,000	4.2
State	19,252,000	18,440,900	811,100	4.2

Sources: State of California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

**TABLE G-3
CITY OF PALM DESERT
TAXABLE RETAIL SALES DATA
(2018 through 2022)**

Retail and Food Services	<u>2022⁽¹⁾</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Motor Vehicle and Parts Dealers	\$ 99,246,260	\$ 104,112,043	\$ 71,778,937	\$ 65,093,550	\$ 82,725,948
Home Furnishings and Appliance Stores	132,222,879	136,522,312	104,329,445	122,046,532	132,768,970
Bldg. Matrl. and Garden Equip. and Supplies	124,524,328	114,070,049	91,177,849	84,436,299	82,014,590
Food and Beverage Stores	101,174,758	97,769,886	90,480,466	81,813,404	77,869,295
Gasoline Stations	73,998,256	68,632,423	48,423,179	69,984,089	67,733,653
Clothing and Clothing Accessories Stores	302,316,173	280,644,228	171,418,164	253,045,206	250,503,344
General Merchandise Stores	443,641,889	406,430,767	331,666,692	358,374,011	341,563,319
Food Services and Drinking Places	321,399,596	267,916,540	161,636,255	252,836,165	238,890,591
Other Retail Group	<u>212,907,452</u>	<u>213,601,679</u>	<u>182,370,379</u>	<u>191,502,580</u>	<u>165,413,351</u>
Total Retail and Food Services	<u>\$1,811,431,591</u>	<u>\$1,689,699,927</u>	<u>\$1,253,281,366</u>	<u>\$1,479,131,836</u>	<u>\$1,439,483,061</u>
All Other Outlets	<u>\$456,756,726</u>	<u>\$ 334,880,981</u>	<u>\$ 254,088,731</u>	<u>\$ 324,470,184</u>	<u>\$ 313,228,922</u>
Total All Outlets	<u>\$2,268,188,317</u>	<u>\$2,024,580,908</u>	<u>\$1,507,370,097</u>	<u>\$1,803,602,020</u>	<u>\$1,752,711,983</u>

⁽¹⁾ Last year available.

Sources: California Department of Tax and Fee Administration.

Utilities

Water, sewage treatment and wastewater disposal are provided by the Coachella Valley Water District. Southern California Gas Company supplies natural gas to the City and electric power is provided by the Southern California Edison Company. Waste Disposal is provided by Burrtec Waste & Recycling Services.

Transportation

Inter-City transportation is provided by SunLine Transit Agency which provides service throughout the entire Coachella Valley. The City's central highways are California Highway 111 and 74 which connect to US Interstate 10 and to California Highway 62 and 86.

Shipping is provided by numerous truck carriers which have overnight service to Los Angeles, San Francisco, San Diego and Phoenix. Rail transportation is provided by the Southern Pacific Railroad located in Indio, 10 miles east of the City, and by Amtrak, which has two stations located in Coachella Valley.

A full service airport is located in Palm Springs, 12 miles northwest of the City, with approximately seven carriers providing service. The airport has an 8,500 foot runway and general aviation facilities. There is also a private airport in Bermuda Dunes, eight miles northeast of the City.

Community Services

The City provides both police and fire protection through contracts with the County of Riverside.

The Riverside County Public Library System provides library services to the City. The City/County also operates a 43,000 square foot public library on the College of the Desert campus which is jointly used by the public and the College of the Desert.

The Desert Willow Golf Resort, two championship 18-hole, public golf course, is located on approximately 540 acres in the northern area of the City. This golf course also features a 33,000 square foot clubhouse with restaurant, dining and banquet facilities. The City also is home to five other public golf courses and resorts and 20 private or semi-private golf clubs and resorts.

Population

The following sets forth the City, the County and the State population estimates as of January 1 for the years 2019-2023:

TABLE G-4
CITY OF PALM DESERT,
RIVERSIDE COUNTY AND STATE OF CALIFORNIA
Estimated Population
(2019-2023)

<u>Year</u> <u>(January 1)</u>	<u>City of</u> <u>Palm Desert</u>	<u>Riverside</u> <u>County</u>	<u>State of</u> <u>California</u>
2019	53,695	2,419,057	39,605,361
2020	53,828	2,440,719	39,648,938
2021	50,683	2,418,727	39,286,510
2022	50,626	2,430,976	39,078,674
2023	50,615	2,439,234	38,940,231

Source: State of California Department of Finance, Demographic Research Unit.

Employment and Industry

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 5.1 percent in November 2023, up from a revised 5.1 percent in October 2023, and above the year-ago estimate of 4.1 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 3.5 percent for the nation during the same period. The unemployment rate was 5.1 percent in Riverside County, and 5.0 percent in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the County for calendar years 2018-2022.

**TABLE G-5
RIVERSIDE-SAN BERNARDINO
METROPOLITAN STATISTICAL AREA
(RIVERSIDE COUNTY)**

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Annual Averages)

TITLE	2018	2019	2020	2021	2022⁽¹⁾
Civilian Labor Force ⁽²⁾	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Civilian Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Civilian Unemployment	87,700	84,000	206,900	156,600	89,400
Civilian Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
Total, All Industries ⁽³⁾	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200
Total Farm	14,500	15,400	14,100	13,700	13,900
Total Nonfarm	1,506,600	1,552,700	1,495,800	1,575,100	1,660,300
Goods Producing	206,800	209,700	202,200	207,700	216,400
Mining and Logging	1,200	1,200	1,300	1,400	1,600
Construction	105,200	107,200	104,900	110,100	115,200
Manufacturing	100,400	101,300	96,000	96,100	99,600
Durable Goods	65,700	65,700	61,200	60,000	61,100
Nondurable Goods	34,700	35,600	34,800	36,200	38,500
Service Providing	1,299,800	1,343,100	1,293,700	1,367,400	1,443,900
Trade, Transportation & Utilities	379,400	395,100	406,900	443,200	464,500
Wholesale Trade	66,100	67,700	65,600	67,400	69,700
Retail Trade	181,200	180,700	168,800	177,000	180,600
Transportation, Warehousing & Utilities	132,100	146,600	172,500	198,800	214,200
Information	11,400	11,500	9,600	9,700	10,200
Financial Activities	44,600	45,000	44,100	45,200	46,800
Finance & Insurance	25,300	24,800	24,600	24,400	24,600
Real Estate & Rental & Leasing	19,300	20,200	19,500	20,700	22,200
Professional & Business Services	151,400	157,900	154,800	169,400	179,100
Professional, Scientific & Technical Services	42,700	44,000	42,900	46,100	49,300
Management of Companies & Enterprises	8,300	8,800	8,600	8,700	8,700
Administrative & Support & Waste Services	100,400	105,100	103,400	114,600	121,200
Private Educational & Health Services	239,500	250,300	248,800	254,300	266,400
Private Educational Services	19,400	19,900	18,100	18,100	20,000
Health Care & Social Assistance	220,100	230,400	230,600	236,200	246,300
Leisure & Hospitality	170,600	175,900	141,300	160,200	179,600
Arts, Entertainment & Recreation	19,800	20,500	13,900	17,200	20,000
Accommodation & Food Services	150,900	155,400	127,400	143,000	159,600
Other Services	45,800	46,200	40,200	43,600	47,900
Government	257,200	261,200	248,000	242,000	249,400
Federal Government	20,700	21,100	22,100	21,100	20,900
State Government	30,600	31,100	31,300	30,400	28,300
Local Government	205,900	209,000	194,600	190,500	200,300

⁽¹⁾ Latest year available.

⁽²⁾ Civilian labor force data are by place of residence; include self-employed individuals, unpaid family workers, household domestic workers, & workers on strike. Data may not add due to rounding. The unemployment rate is calculated using unrounded data.

⁽³⁾ Industry employment is by place of work; excludes self-employed individuals unpaid family workers, household domestic workers, & workers on strike. Data may not add due to rounding.

Source: State of California Employment Development Department.

**TABLE G-6
COUNTY OF RIVERSIDE
Major Employers
(2024)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
1882 Cantina	Temecula	Restaurants
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Citrus Club	La Quinta	Clubs
Coachella Valley Unified SCH	Thermal	School Districts
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	City Hall
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Health	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Jurupa School District Supt	Riverside	School Districts
KSL Development Corp	La Quinta	Golf Courses
Riverside Community Hospital	Riverside	Hospitals
Riverside County Admin Ctr	Riverside	Government Offices-County
Riverside County Office of Edu	Riverside	Schools
Riverside County Public Health	Riverside	Government Offices-County
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Temecula	Health Care Management
Starcrest of California	Perris	Online Retailers & Marketplaces

Source: State of California Employment Development Department.