

*In the opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."*

**\$11,170,000**  
**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT**  
**PUBLIC FINANCING AUTHORITY**  
**2013 REFUNDING REVENUE BONDS**

**Dated: Date of Delivery**

**Due: September 1, as shown on inside cover.**

**Authority for Issuance.** The bonds captioned above (the "Bonds") are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law") and an Indenture of Trust dated as of January 1, 2013 (the "Indenture"), by and between the Murrieta Valley Unified School District Public Financing Authority (the "Authority") and Zions First National Bank, as trustee (the "Trustee"). The Board of Directors (the "Board") of the Authority has authorized the issuance of bonds in an aggregate principal amount not to exceed \$12,500,000. See "THE BONDS – Authority for Issuance."

**Security and Sources of Payment.** The Bonds are payable from "Revenues" received under the Indenture, which are generally defined as all amounts derived from three series of special tax bonds (collectively, the "Special Tax Bonds") to be issued by three community facilities districts (collectively, the "Community Facilities Districts") previously formed by the Murrieta Valley Unified School District (the "School District"), as follows:

**Improvement Area B of CFD No. 2002-4.** Special tax bonds to be issued by Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District for its Improvement Area B designated "Improvement Area B of Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds."

**CFD No. 2003-3.** Special tax bonds to be issued by Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District designated "Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds."

**CFD No. 2004-1.** Special tax bonds to be issued by Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District designated "Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds."

"Revenues" also include any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in certain funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS."

**Use of Proceeds.** The Bonds are being issued to finance the acquisition of each series of Special Tax Bonds.

The proceeds of each series of Special Tax Bonds will be used to (i) refund prior special tax bonds issued by each respective Community Facilities District, (ii) finance the acquisition and construction of certain school facilities to be owned and operated by the School District, (iii) fund a portion of the reserve fund for the Bonds, and (iv) fund a portion of the costs of issuing the Bonds and the Special Tax Bonds. See "FINANCING PLAN."

**Bond Terms.** Interest on the Bonds is payable on September 1, 2013, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. See "THE BONDS – General Bond Terms" and "APPENDIX E – DTC and the Book-Entry Only System."

**Redemption.** The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from the redemption of Special Tax Bonds due to Special Tax prepayments. See "THE BONDS - Redemption."

**THE BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE BONDS, ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE, AND ARE NOT AN INDEBTEDNESS OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE MEMBERS OF THE AUTHORITY, THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

**MATURITY SCHEDULE**

(see inside cover)

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

*The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Authority by Jones Hall, A Professional Law Corporation, San Francisco, California, as disclosure counsel, and by Rutan & Tucker LLP, special counsel to the Authority. Nossaman LLP, Irvine, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about February 21, 2013.*

**PiperJaffray**

## MATURITY SCHEDULE

### \$5,715,000 Serial Bonds (Base CUSIP<sup>†</sup>: 62720A)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP <sup>†</sup>
2013	\$275,000	2.000%	1.000%	100.524%	AA4
2014	295,000	2.000	1.350	100.979	AB2
2015	305,000	2.000	1.790	100.516	AC0
2016	315,000	2.000	2.100	99.661	AD8
2017	315,000	2.250	2.480	99.020	AE6
2018	325,000	2.500	2.790	98.523	AF3
2019	335,000	2.750	3.080	98.061	AG1
2020	340,000	3.125	3.340	98.578	AH9
2021	355,000	3.375	3.550	98.721	AJ5
2022	360,000	3.500	3.750	98.011	AK2
2023	375,000	3.750	3.960	98.205	AL0
2024	395,000	3.750	4.050	97.257	AM8
2025	405,000	3.875	4.140	97.428	AN6
2026	420,000	4.000	4.220	97.748	AP1
2027	440,000	4.000	4.270	97.098	AQ9
2028	460,000	4.125	4.320	97.809	AR7

\$2,620,000 5.000% Term Bond due September 1, 2033, Yield: 4.290%, Price: 105.962% C  
CUSIP<sup>†</sup> No. 62720A AS5

\$2,835,000 5.000% Term Bond due September 1, 2038, Yield: 4.570%, Price: 103.560% C  
CUSIP<sup>†</sup> No. 62720A AT3

<sup>c</sup> Priced to the optional par redemption date of September 1, 2023.

<sup>†</sup> Copyright 2013, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Authority, the School District nor the Underwriter assumes any responsibility for the accuracy of CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

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

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

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

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

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

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**

**BOARD OF DIRECTORS**

Kris Thomasian  
Ken Dickson  
Robin Crist  
Paul Diffley  
Barbara Muir

**OFFICERS**

Paul Diffley, *Chairperson*  
Robin Crist, *Vice-Chairperson*  
Patrick Kelley, *Secretary*  
Stacy Coleman, *Treasurer*

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT ADMINISTRATION**

Patrick Kelley, *Superintendent*  
Stacy Coleman, *Assistant Superintendent, Business Services*  
William Olien, *Assistant Superintendent, Facilities and Operations*  
Lori Noorigian, *Accounting Supervisor*

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**PROFESSIONAL SERVICES**

**BOND COUNSEL**

Rutan & Tucker LLP,  
Costa Mesa, California,

**DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation  
San Francisco, California

**FINANCIAL ADVISOR and  
SPECIAL TAX CONSULTANT**

Dolinka Group, LLC  
Irvine, California

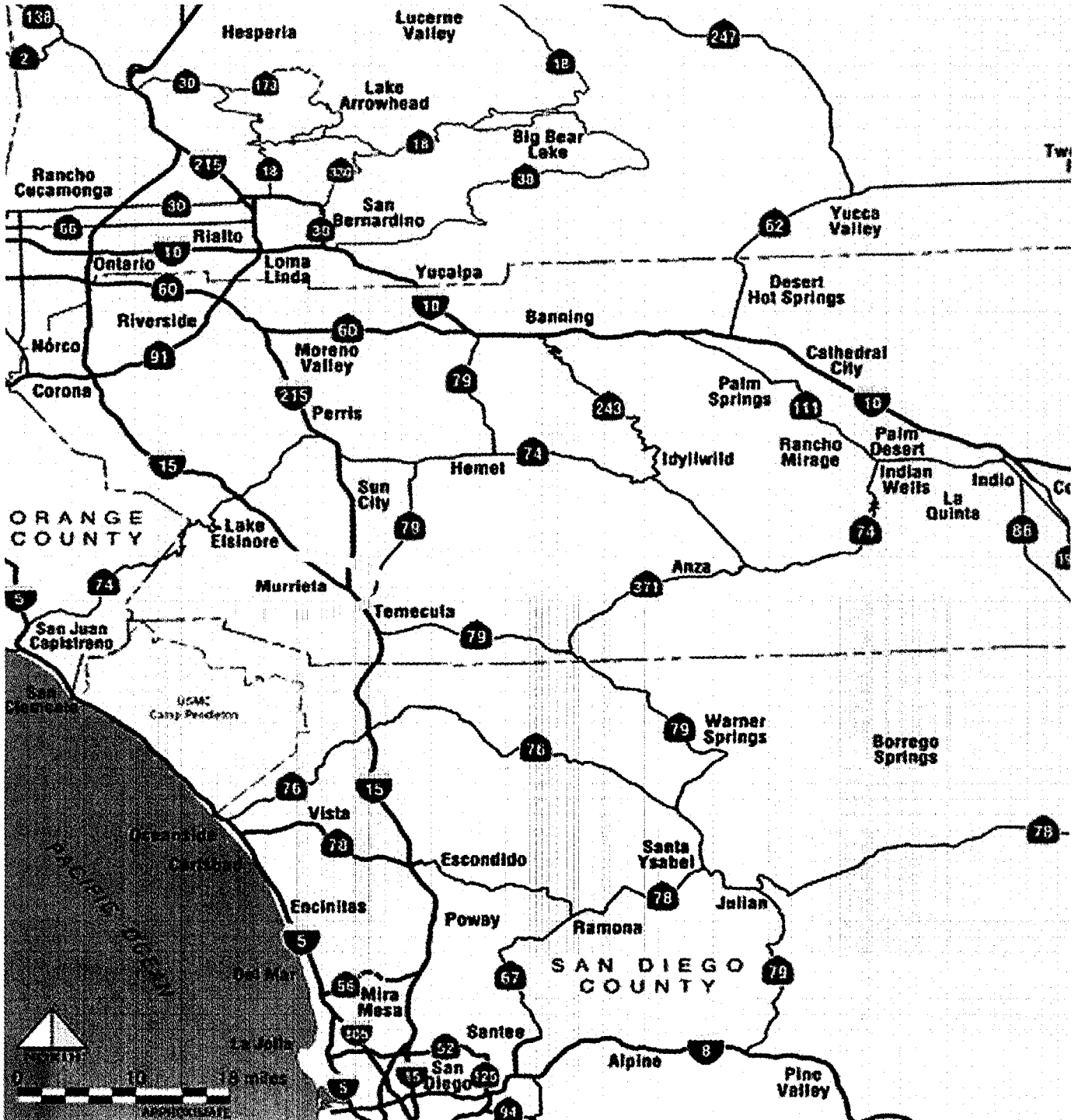
**TRUSTEE and FISCAL AGENT**

Zions First National Bank  
Los Angeles, California

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# Murrieta Valley Unified School District Regional Location Map



## OFFICIAL STATEMENT

**\$11,170,000**  
**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT**  
**PUBLIC FINANCING AUTHORITY**  
**2013 REFUNDING REVENUE BONDS**

### INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**Bonds**”) to be issued by the Murrieta Valley Unified School District Public Financing Authority (the “**Authority**”).

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

*Capitalized terms used but not defined in this Official Statement have the definitions given in the Indenture (as defined below).*

**The Authority.** The Authority is a joint exercise of powers authority organized and existing under the laws of the State of California and a Joint Exercise of Powers Agreement (the “**Joint Powers Agreement**”) between the Murrieta Valley Unified School District (the “**School District**”) and Community Facilities District No. 90-1 of the Murrieta Valley Unified School District, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “**Act**”). See “THE AUTHORITY.”

**Authority for Issuance of the Bonds.** The Bonds are being issued under the Marks-Roos Local Bond Pooling Act of 1985, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “**Bond Law**”), an Indenture of Trust dated as of January 1, 2013 (the “**Indenture**”), by and between the Authority and Zions First National Bank, as trustee (the “**Trustee**”), and a resolution of the Board of Directors (the “**Board**”) of the Authority authorizing the issuance of bonds in an aggregate principal amount not to exceed \$12,500,000. See “THE BONDS – Authority for Issuance.”

**Security and Sources of Payment for the Bonds.** The Bonds are payable from “Revenues” received under the Indenture, which are generally defined as all amounts derived from the special tax bonds (collectively, the “**Special Tax Bonds**”), as described below. “Revenues” also include any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in certain funds and accounts established under the Indenture. See “SECURITY FOR THE BONDS.”

**Special Tax Bonds.** The Special Tax Bonds will be issued by three community facilities districts previously formed by the School District (collectively, the “**Community Facilities Districts**”), as follows:

**Improvement Area B of CFD No. 2002-4.** Special tax bonds to be issued by Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District (“**CFD No. 2002-4**”) for its Improvement Area B (“**Improvement Area B of CFD No. 2002-4**”) designated “Improvement Area B of Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds” (the “**Improvement Area B of CFD No. 2002-4 Special Tax Bonds**”).

**CFD No. 2003-3.** Special tax bonds to be issued by Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District (“**CFD No. 2003-3**”) designated “Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds” (the “**CFD No. 2003-3 Special Tax Bonds**”).

**CFD No. 2004-1.** Special tax bonds to be issued by Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District (“**CFD No. 2004-1**”) designated “Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District 2013 Special Tax Refunding Bonds” (the “**CFD No. 2004-1 Special Tax Bonds**”).

Each series of Special Tax Bonds will be issued concurrently with the Bonds and sold to the Authority. See “SECURITY FOR THE BONDS.”

**Security for the Special Tax Bonds.** Each series of Special Tax Bonds will be secured under a fiscal agent agreement (collectively, the “**Fiscal Agent Agreements**”), by and between the respective Community Facilities District and Zions First National Bank, as fiscal agent (the “**Fiscal Agent**”), as further described below:

**Improvement Area B of CFD No. 2002-4.** The Improvement Area B of CFD No. 2002-4 Special Tax Bonds will be issued under a Fiscal Agent Agreement dated as of January 1, 2013 (the “**CFD No. 2002-4 Fiscal Agent Agreement**”) between CFD No. 2002-4 and the Fiscal Agent. The Improvement Area B of CFD No. 2002-4. Special Tax Bonds will be secured and payable solely from “Special Taxes” (as defined in the CFD No. 2002-4 Fiscal Agent Agreement) levied on taxable property within Improvement Area B of CFD No. 2002-4, and amounts in certain funds and accounts held under the CFD No. 2002-4 Fiscal Agent Agreement.

**CFD No. 2003-3.** The CFD No. 2003-3 Special Tax Bonds will be issued under a Fiscal Agent Agreement dated as of January 1, 2013 (the “**CFD No. 2003-3 Fiscal Agent Agreement**”) between CFD No. 2003-3 and the Fiscal Agent. The CFD No. 2003-3 Special Tax Bonds will be secured and payable solely from “Special Taxes” (as defined in the CFD No. 2003-3 Fiscal Agent Agreement) levied on taxable property within CFD No. 2003-3, and amounts in certain funds and accounts held under the CFD No. 2003-3 Fiscal Agent Agreement.

**CFD No. 2004-1.** The CFD No. 2004-1 Special Tax Bonds will be issued under a Fiscal Agent Agreement dated as of January 1, 2013 (the “**CFD No. 2004-1 Fiscal Agent Agreement**”) between CFD No. 2004-1 and the Fiscal Agent. The CFD No. 2004-1 Special Tax Bonds will be secured and payable solely from “Special Taxes” (as defined in the CFD No. 2004-1 Fiscal Agent Agreement) levied on taxable property within CFD No. 2004-1, and amounts in certain funds and accounts held under the CFD No. 2004-1 Fiscal Agent Agreement.

Each series of Special Tax Bonds is secured by the levy of Special Taxes (collectively, the “**Special Taxes**”) levied by each Community Facilities District on taxable property within its respective boundaries pursuant (and with respect to CFD No. 2002-4, within its Improvement Area B) to the



special tax formulas contained in the respective Rate and Method of Apportionment of Special Taxes (each a “**Rate and Method**”) for each Community Facilities District. See “THE SPECIAL TAX BONDS.”

**No Direct Cross-Collateralization Among Special Tax Bonds.** The Special Taxes levied to pay debt service on one series of Special Tax Bonds are not available to pay debt service on any other series of Special Tax Bonds. See “THE SPECIAL TAX BONDS – No Direct Cross-Collateralization Among Special Tax Bonds” and “BOND OWNERS’ RISKS.” Any excess will remain on deposit in the Revenue Fund through the end of each Bond Year, and until it is transferred to the Surplus Fund, will be available to pay debt service on the Bonds on a cross-collateralized basis. See “SECURITY FOR THE BONDS – Surplus Fund” and “THE SPECIAL TAX BONDS – Scheduled Debt Service on Bonds.”

**Purpose of the Bonds and the Special Tax Bonds.** The Bonds are being issued to finance the acquisition of each series of Special Tax Bonds.

The proceeds of each series of Special Tax Bonds will be used to (i) refund prior special tax bonds issued by each respective Community Facilities District, (ii) finance the acquisition and construction of certain school facilities to be owned and operated by the School District, (iii) fund a portion of the reserve fund for the Bonds, and (iv) fund a portion of the costs of issuing the Bonds and the Special Tax Bonds.

See “FINANCING PLAN.”

**Redemption.** The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from the redemption of Special Tax Bonds due to Special Tax prepayments. See “THE BONDS – Redemption.”

**The Community Facilities Districts.** The Community Facilities Districts are located in or adjacent to the City of Murrieta (the “**City**”), which is in the southwestern portion of the County of Riverside (the “**County**”). The property within the Community Facilities Districts has been fully developed with single-family residential homes, as follows:

Community Facilities District	Property Ownership	No. of Parcels
Improvement Area B of CFD No. 2002-4	Individual Owners	241
CFD No. 2003-3	Individuals Owners	140
CFD No. 2004-1	Individuals Owners	106

See “THE COMMUNITY FACILITIES DISTRICTS.”

**Assessed Valuation.** The Fiscal Year 2012-13 assessed valuation of the property in each Community Facilities District is summarized below:

Community Facilities District	No. of Parcels	2012-13 Assessed Value
Improvement Area B of CFD No. 2002-4	241	\$78,516,169
CFD No. 2003-3	140	30,598,970
CFD No. 2004-1	106	30,359,536

See "THE COMMUNITY FACILITIES DISTRICTS."

**Limit of Liability; Risk Factors Associated with Purchasing the Bonds.** The Bonds are limited obligations of the Authority payable solely from Revenues and other assets pledged under the Indenture. Investment in the Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Bonds.

## FINANCING PLAN

### Use of Proceeds

**The Bonds.** All of the net proceeds of the Bonds will be used to acquire each series of Special Tax Bonds.

**The Special Tax Bonds.** The proceeds of each series of Special Tax Bonds will be used to finance the acquisition and construction of certain school facilities to be owned and operated by the School District.

The proceeds of each series of Special Tax Bonds will also be used to fund a portion of the reserve fund for the Bonds, and fund a portion of the costs of issuing the Bonds and the Special Tax Bonds.

**Refunding Plan.** The refunding plan for each Community Facilities District's outstanding special tax bonds is as follows.

*Improvement Area B of CFD No. 2002-4.* CFD No. 2002-4 issued an initial series of special tax bonds for Improvement Area B, captioned "Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District, Improvement Area B 2006 Special Tax Bonds," in July 2006 in the original principal amount of \$5,640,000 (the "**Prior CFD No. 2002-4 Special Tax Bonds**"). See "THE COMMUNITY FACILITIES DISTRICTS – Formation and Background." The Prior CFD No. 2002-4 Special Tax Bonds are currently outstanding in the principal amount of \$5,210,000.

The Prior CFD No. 2002-4 Special Tax Bonds will be refunded, on a current basis, on March 1, 2013, at a redemption price equal to the outstanding principal amount of the Prior CFD No. 2002-4 Special Tax Bonds to be redeemed, plus accrued interest to the redemption date, plus a redemption premium of 2% of the principal amount being redeemed.

To accomplish this refunding plan, CFD No. 2002-4 will deposit a portion of the sale proceeds of the Improvement Area B of CFD No. 2002-4 Special Tax Bonds, together with certain funds on hand related to the Prior CFD No. 2002-4 Special Tax Bonds, to establish an escrow fund (the "**CFD No. 2002-4 Escrow Fund**") under an Escrow Agreement dated as of January 1, 2013 (the "**CFD No. 2002-4 Escrow Agreement**") between CFD No. 2002-4 and Zions First National Bank, as escrow agent.

The Escrow Agent will hold the amounts on deposit in the Escrow Fund in cash, uninvested. These funds will be sufficient to pay the principal of and interest and premium on the Prior CFD No. 2002-4 Special Tax Bonds on March 1, 2013, and to defease the Prior CFD No. 2002-4 Special Tax Bonds as of the date of issuance of the Bonds.

*The moneys held in the CFD No. 2002-4 Escrow Fund are pledged to the payment of the Prior CFD No. 2002-4 Special Tax Bonds and are not available for the payment of the Improvement Area B of CFD No. 2002-4 Special Tax Bonds or the Bonds.*

*CFD No. 2003-3.* CFD No. 2003-3 issued an initial series of special tax bonds, captioned "Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District, 2004 Special Tax Bonds" in April 2004 in the original principal amount of \$2,235,000 (the "**Prior CFD No. 2003-3 Special Tax Bonds**"). See "THE COMMUNITY FACILITIES DISTRICTS – Formation and Background." The Prior CFD No. 2003-3 Special Tax Bonds are currently outstanding in the principal amount of \$1,935,000.

The Prior CFD No. 2003-3 Special Tax Bonds will be refunded, on a current basis, on March 1, 2013, at a redemption price equal to the outstanding principal amount of the Prior CFD No. 2003-3 Special Tax Bonds to be redeemed, plus accrued interest to the redemption date, plus a redemption premium of 2% of the principal amount being redeemed.

To accomplish this refunding plan, CFD No. 2003-3 will deposit a portion of the sale proceeds of the CFD No. 2003-3 Special Tax Bonds, together with certain funds on hand related to the Prior CFD No. 2003-3 Special Tax Bonds, to establish an escrow fund (the "**CFD No. 2003-3 Escrow Fund**") under an Escrow Agreement dated as of January 1, 2013 (the "**CFD No. 2003-3 Escrow Agreement**") between CFD No. 2003-3 and Zions First National Bank, as escrow agent.

The Escrow Agent will hold the amounts on deposit in the Escrow Fund in cash, uninvested. These funds will be sufficient to pay the principal of and interest and premium on the Prior CFD No. 2003-3 Special Tax Bonds on March 1, 2013, and to defease the Prior CFD No. 2003-3 Special Tax Bonds as of the date of issuance of the Bonds.

*The moneys held in the CFD No. 2003-3 Escrow Fund are pledged to the payment of the Prior CFD No. 2003-3 Special Tax Bonds and are not available for the payment of the CFD No. 2003-3 Special Tax Bonds or the Bonds.*

*CFD No. 2004-1.* CFD No. 2004-1 issued an initial series of special tax bonds, captioned "Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District, 2005 Special Tax Bonds" in June 2005 in the original principal amount of \$2,880,000 (the "**Prior CFD No. 2004-1 Special Tax Bonds**"). See "THE COMMUNITY FACILITIES DISTRICTS – Formation and Background." The Prior CFD No. 2004-1 Special Tax Bonds are currently outstanding in the principal amount of \$2,545,000.

The Prior CFD No. 2004-1 Special Tax Bonds will be refunded, on a current basis, on March 1, 2013, at a redemption price equal to the outstanding principal amount of the Prior CFD No. 2004-1 Special Tax Bonds to be redeemed, plus accrued interest to the redemption date, plus a redemption premium of 2% of the principal amount being redeemed.

To accomplish this refunding plan, CFD No. 2004-1 will deposit a portion of the sale proceeds of the CFD No. 2004-1 Special Tax Bonds, together with certain funds on hand related to the Prior CFD No. 2004-1 Special Tax Bonds, to establish an escrow fund (the "**CFD No. 2004-1 Escrow Fund**") under an Escrow Agreement dated as of January 1, 2013 (the "**CFD No. 2004-1 Escrow Agreement**") between CFD No. 2004-1 and Zions First National Bank, as escrow agent.

The Escrow Agent will hold the amounts on deposit in the Escrow Fund in cash, uninvested. These funds will be sufficient to pay the principal of and interest and premium on the Prior CFD No. 2004-1 Special Tax Bonds on March 1, 2013, and to defease the Prior CFD No. 2004-1 Special Tax Bonds as of the date of issuance of the Bonds.

*The moneys held in the CFD No. 2004-1 Escrow Fund are pledged to the payment of the Prior CFD No. 2004-1 Special Tax Bonds and are not available for the payment of the CFD No. 2004-1 Special Tax Bonds or the Bonds.*

**Estimated Sources and Uses of Funds**

**The Bonds.** The proceeds from the sale of the Bonds will be deposited into the following funds established under the Indenture.

<u>SOURCES</u>	
Principal Amount of Bonds	\$11,170,000.00
<i>Plus:</i> Net Original Issue Premium	<u>170,758.35</u>
<i>Total Sources</i>	<u>\$11,340,758.35</u>
 <u>USES</u>	
Purchase Fund	
Refunding Escrows [1]	\$9,168,727.48
Costs of Issuance [2]	186,650.00
Reserve Fund [3]	754,443.76
Project Funds [4]	<u>1,119,237.11</u>
Total Purchase Fund Deposit [5]	11,229,058.35
 Underwriter's Discount	 <u>111,700.00</u>
<i>Total Uses</i>	<u>\$11,340,758.35</u>

- [1] Represents funds that will be used by each Community Facilities District to refund its outstanding bonds. See “–Use of Proceeds – Refunding Plan” above.
- [2] Represents funds that will be transferred by the Fiscal Agent under each Fiscal Agent Agreement representing each Community Facilities District’s share of Costs of Issuance. Costs of issuance include the acceptance and initial annual fees and expenses of the Trustee and its counsel, legal fees and expenses, costs of printing the preliminary and final Official Statements, and fees of the financial advisor and special tax consultant.
- [3] Represents funds that will be transferred by the Fiscal Agent under each Fiscal Agent Agreement representing each Community Facilities District’s contribution to the Reserve Fund. Equal to the Reserve Requirement, as defined in the Indenture. See “SECURITY FOR THE BONDS – Reserve Fund.”
- [4] Represents funds that will be used by each Community Facilities District to finance new school facilities. See “–Use of Proceeds – The Special Tax Bonds” above.
- [5] Represents funds that will be used to acquire the Special Tax Bonds.

**Improvement Area B of CFD No. 2002-4.** The proceeds received by CFD No. 2002-4 from the Authority from the sale of the Improvement Area B of CFD No. 2002-4 Special Tax Bonds will be deposited into the following funds established under the CFD No. 2002-4 Fiscal Agent Agreement.

SOURCES

Principal Amount	\$6,125,000.00
Plus: Net Original Issue Premium	99,232.40
Plus: Funds Related to Prior Bonds	520,546.26
<i>Total Sources</i>	\$6,744,778.66

USES

Transfer to Costs of Issuance Fund [1]	\$102,348.37
Transfer to Reserve Fund [2]	407,750.00
Underwriter's Discount [3]	61,250.00
Escrow Fund	5,454,182.50
Improvement Fund	719,247.79
<i>Total Uses</i>	\$6,744,778.66

- [1] Represents a proportionate share of the costs of issuing the Bonds and the Improvement Area B of CFD No. 2002-4 Bonds, which will be transferred to the Trustee for deposit in the Costs of Issuance Fund under the Indenture.
- [2] Represents a proportionate share of the Reserve Fund for the Bonds, which will be transferred to the Trustee for deposit in the Reserve Fund under the Indenture.
- [3] Represents a proportionate share of the Underwriter's Discount for the Bonds.

**CFD No. 2003-3.** The proceeds received by CFD No. 2003-3 from the Authority from the sale of the CFD No. 2003-3 Special Tax Bonds will be deposited into the following funds established under the CFD No. 2003-3 Fiscal Agent Agreement.

SOURCES

Principal Amount	\$2,310,000.00
Plus: Net Original Issue Premium	31,004.55
Plus: Funds Related to Prior Bonds	199,312.50
<i>Total Sources</i>	\$2,540,317.05

USES

Transfer to Costs of Issuance Fund [1]	\$38,599.96
Transfer to Reserve Fund [2]	160,331.26
Underwriter's Discount [3]	23,100.00
Escrow Fund	2,024,817.50
Improvement Fund	293,468.33
<i>Total Uses</i>	\$2,540,317.05

- [1] Represents a proportionate share of the costs of issuing the Bonds and the CFD No. 2003-3 Bonds, which will be transferred to the Trustee for deposit in the Costs of Issuance Fund under the Indenture.
- [2] Represents a proportionate share of the Reserve Fund for the Bonds, which will be transferred to the Trustee for deposit in the Reserve Fund under the Indenture.
- [3] Represents a proportionate share of the Underwriter's Discount for the Bonds.

**CFD No. 2004-1.** The proceeds received by CFD No. 2004-1 from the Authority from the sale of the CFD No. 2004-1 Special Tax Bonds will be deposited into the following funds established under the CFD No. 2004-1 Fiscal Agent Agreement.

SOURCES

Principal Amount	\$2,735,000.00
<i>Plus:</i> Net Original Issue Premium	40,521.40
<i>Plus:</i> Funds Related to Prior Bonds	250,870.64
<i>Total Sources</i>	\$3,026,392.04

USES

Transfer to Costs of Issuance Fund [1]	\$45,701.67
Transfer to Reserve Fund [2]	186,362.50
Underwriter's Discount [3]	27,350.00
Escrow Fund	2,660,456.88
Improvement Fund	106,520.99
<i>Total Uses</i>	\$3,026,392.04

- 
- [1] Represents a proportionate share of the costs of issuing the Bonds and the CFD No. 2004-1 Bonds, which will be transferred to the Trustee for deposit in the Costs of Issuance Fund under the Indenture.
  - [2] Represents a proportionate share of the Reserve Fund for the Bonds, which will be transferred to the Trustee for deposit in the Reserve Fund under the Indenture.
  - [3] Represents a proportionate share of the Underwriter's Discount for the Bonds.

## THE BONDS

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

### Authority for Issuance

The Bonds are being issued under the Bond Law, the Indenture and a resolution adopted by the Board on January 24, 2013 (the “**Resolution**”), authorizing the issuance of bonds in an aggregate principal amount not to exceed \$12,500,000.

The Bonds are the only series of bonds to be issued under this authorization.

### General Bond Terms

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

**Interest.** The Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing September 1, 2013 (each, an “**Interest Payment Date**”) until the principal sum of the Bonds has been paid. Interest will be calculated on the basis of a 360 day year composed of twelve 30-day months.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless

(a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or

(b) it is authenticated on or before August 15, 2013, in which event it will bear interest from the Closing Date;

provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Closing Date if no interest has been paid or made available for payment.

**Record Date.** The Indenture defines the record date for the Bonds (the “**Record Date**”), with respect to any Interest Payment Date, as the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

**DTC and Book-Entry Only System.** DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See “APPENDIX E – DTC and the Book-Entry Only System.”



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

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first-class mail, postage prepaid, to the Owner at the address of such Owner as it appears on the Bond Register or by wire transfer to an account in the United States of America made on such Interest Payment Date upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds provided to the Trustee in writing on or before the Record Date for such Interest Payment Date.

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

## Redemption

**Optional Redemption.** The Bonds maturing on or prior to September 1, 2023, are not subject to optional redemption before maturity.

The Bonds maturing on and after September 1, 2024, may be redeemed prior to maturity on any date on or after September 1, 2023, from any source of funds made available to the Authority (other than Special Tax prepayments), at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Whenever provision is made for the optional redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed, among maturities, as directed in writing by an Authorized Representative, who will specify the Bonds to be redeemed so as to maintain, as much as practicable, the same debt service profile for the Outstanding Bonds following such redemption as was in effect prior to such redemption. The Trustee will select Bonds to be redeemed within a maturity by lot in any manner that the Trustee deems appropriate.

**Special Mandatory Redemption From Prepaid Special Taxes.** The Bonds are subject to mandatory redemption prior to maturity, in whole or in part, on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date as a result of prepayment of Special Taxes, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date through March 1, 2021	103%
September 1, 2021 and March 1, 2022	102
September 1, 2022 and March 1, 2023	101
September 1, 2023 and any Interest Payment Date thereafter	100%

Whenever provision is made for the extraordinary mandatory redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed, pro rata among maturities as directed in writing by an Authorized Representative. The Trustee will select Bonds to be redeemed within a maturity by lot in any manner that the Trustee deems appropriate.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on September 1, 2033, and September 1, 2038 (the "Term Bonds") are subject to mandatory sinking payment redemption in part on September 1, 2029, and September 1, 2034, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as set forth below.

**2033 Term Bond**

Sinking Fund Redemption Date (September 1)	<u>Sinking Payments</u>
2029	\$475,000
2030	495,000
2031	525,000
2032	550,000
2033(maturity)	575,000

**2038 Term Bond**

Sinking Fund Redemption Date (September 1)	<u>Sinking Payments</u>
2034	\$600,000
2035	640,000
2036	665,000
2037	545,000
2038(maturity)	385,000

In the event of a partial redemption of the Bonds under the Indenture, each of the remaining mandatory sinking fund payments for such Bonds within a maturity, as applicable, will be reduced, as nearly as practicable, on a pro rata basis. The amounts in the foregoing tables will be reduced as a result of any prior partial redemption of the Bonds pursuant to an optional redemption or redemption from proceeds of Special Tax prepayments as specified in writing by the Authorized Representative to the Trustee.

**Purchase in Lieu of Redemption.** In lieu of the mandatory sinking fund redemption of the Term Bonds as described above, amounts on deposit in the Revenue Fund that are to be transferred to the Principal Account may also be used and withdrawn by the Authority for the purchase of the Term Bonds at public or private sale as and when and at such prices (which including brokerage and other charges may not be in excess of the principal amount thereof of the Bond being purchased) as the Authority may in its discretion determine. The par amount of the Term Bonds so purchased by the Authority in any 12-month period ending on July 1 in any year will be credited towards and will reduce the par amount of the Term Bonds required to be redeemed pursuant to the mandatory sinking fund provisions described above on September 1 in such year; provided that the Authority has caused to be delivered such purchased Term Bonds to the Trustee for cancellation to the Trustee by said July 1.

**Notice of Redemption.** The Trustee on behalf and at the expense of the Authority will mail (by first class mail, postage prepaid) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least 30 but not more than 60 days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

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

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

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

**Selection of Bonds of a Maturity for Redemption.** Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a maturity of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will be treated as separate Bonds that may be separately redeemed.

**Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

## **No Issuance of Parity Bonds**

The Authority will covenant in the Indenture that it will not issue any bonds secured by the Revenues (other than the Bonds), and that it will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

## **Registration, Transfer and Exchange**

The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds. The Bonds are subject to transfer and exchange under the conditions set forth in the Indenture. See APPENDIX C for detailed provisions regarding the registration, transfer and exchange of the Bonds.

*The provisions set forth in APPENDIX C regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX E – DTC and the Book-Entry Only System."*

## DEBT SERVICE SCHEDULE

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

Year Ending September 1	Principal	Interest	Total Debt Service
2013	\$275,000	\$239,677.09	\$514,677.09
2014	295,000	448,625.00	743,625.00
2015	305,000	442,725.00	747,725.00
2016	315,000	436,625.00	751,625.00
2017	315,000	430,325.00	745,325.00
2018	325,000	423,237.50	748,237.50
2019	335,000	415,112.50	750,112.50
2020	340,000	405,900.00	745,900.00
2021	355,000	395,275.02	750,275.02
2022	360,000	383,293.78	743,293.78
2023	375,000	370,693.78	745,693.78
2024	395,000	356,631.28	751,631.28
2025	405,000	341,818.78	746,818.78
2026	420,000	326,125.02	746,125.02
2027	440,000	309,325.02	749,325.02
2028	460,000	291,725.02	751,725.02
2029	475,000	272,750.00	747,750.00
2030	495,000	249,000.00	744,000.00
2031	525,000	224,250.00	749,250.00
2032	550,000	198,000.00	748,000.00
2033	575,000	170,500.00	745,500.00
2034	600,000	141,750.00	741,750.00
2035	640,000	111,750.00	751,750.00
2036	665,000	79,750.00	744,750.00
2037	545,000	46,500.00	591,500.00
2038	385,000	19,250.00	404,250.00
Total:	\$11,170,000	\$7,530,614.79	\$18,700,614.79

## SECURITY FOR THE BONDS

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

### General

***Pledge of Revenues and Other Assets.*** Subject to the provisions of the Indenture, the Bonds will be secured by a first lien on and pledge of all of the “Revenues” (as defined below). The Bonds will be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any Bond will be secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues may not be used for any purpose except as is expressly permitted by the Indenture.

***Definition of Revenues.*** The Indenture defines “Revenues” as follows:

(a) all amounts received from the Community Facilities Districts pursuant to any Special Tax Bonds,

(b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture (other than the Surplus Fund and the Rebate Fund), and

(c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture (other than the Surplus Fund and the Rebate Fund).

***Transfer and Assignment to Trustee.*** Under the Indenture, the Authority will transfer in trust and assign to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Special Tax Bonds, subject to the terms of the Indenture.

The Trustee will be entitled to and will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and will immediately be paid by the Authority to the Trustee.

The Trustee also will be entitled to and, subject to the provisions of the Indenture, will be required to take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Community Facilities Districts under the Special Tax Bonds.

### Limited Obligation

**The Bonds, the interest thereon, and any premiums payable on the redemption of any of the Bonds, are limited obligations of the Authority payable solely from Revenues and other assets pledged under the Indenture, and are not an indebtedness of the School District, the Community Facilities Districts, the State or any of its political subdivisions, and neither the members of the Authority, the School District, the Community Facilities Districts, the State nor any of its political subdivisions is liable on the Bonds. Neither the faith and credit nor the**

**taxing power of the School District, the Community Facilities Districts, or the State or any political subdivision thereof is pledged to the payment of the Bonds. The Authority has no taxing power.**

## **Allocation of Revenues**

***Revenues Received by Authority.*** All Revenues representing amounts received from the Community Facilities Districts pursuant to any Special Tax Bonds will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Any Revenues which represent the payment of delinquent principal of or interest on a series of Special Tax Bonds will immediately be deposited in the Reserve Fund Account for such series of Special Tax Bonds to the extent necessary to replenish the cash balance thereof to the Reserve Requirement for that Account, with any amount in excess of that needed for such reimbursement remaining in the Revenue Fund.

***Allocation by Trustee; Flow of Funds.*** On each Interest Payment Date and date for redemption of the Bonds, the Trustee will transfer from the Revenue Fund, and deposit into the following respective accounts, the following amounts in the following order of priority. The requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit must be satisfied before any transfer is made to any account subsequent in priority.

*(1) Interest Account.* On each Interest Payment Date and redemption date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date.

No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date or redemption date, as applicable.

All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity).

If the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date, after any transfers from the Reserve Fund under the Indenture, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

*(2) Principal Account.* On each Interest Payment Date and redemption date on which the principal of the Bonds is payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date through optional redemption, special mandatory redemption or mandatory sinking fund redemption.

However, no amount will be deposited to effect an optional redemption unless the Trustee has first received a certificate of an Independent Accountant to the effect that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to

make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Community Facilities Districts continue to make timely payment on all Special Tax Bonds not then in default.

All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at maturity thereof, (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof, or (iii) paying the principal of and premium (if any) on any Bonds upon the optional redemption thereof.

If the amounts on deposit in the Principal Account on any Interest Payment Date or date of redemption, after any transfers from the Reserve Fund under the Indenture, are insufficient for any reason to pay the aggregate principal amount of, and premium (if any) on, the Outstanding Bonds then coming due and payable (whether at maturity or upon the redemption thereof), the Trustee will apply such amounts in the following order of priority, and in each case on a pro rata basis:

(i) first, to the payment of the principal of the Outstanding Bonds which mature by their terms on such Interest Payment Date; and

(ii) second, to the payment of the principal of the Outstanding Bonds to be redeemed through mandatory sinking fund redemption.

(3) *Reserve Fund.* On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund an amount sufficient to restore the Reserve Fund to the Reserve Requirement and allocate any such amount to the Reserve Accounts established for each series of Special Tax Bonds.

***Insufficiency of Revenues due to Payment Default on Special Tax Bonds.*** If on any Interest Payment Date the amount on deposit in the Revenue Fund is inadequate to make the transfers described above as a result of a payment default on the Special Tax Bonds, the Trustee will immediately notify the Administrator of the amount needed to make the required deposits described above. If, following such notice, the Trustee receives additional payments from the Community Facilities Districts to cure such shortfall, the Trustee will deposit such amounts to the Revenue Fund.

***Transfers to Rebate Fund.*** On each Interest Payment Date after making the required transfers described above, upon receipt of a Request of the Authority to do so, the Trustee will transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request.

***Transfers to Surplus Fund.*** On September 2 of each year, after making the required deposits described above, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.



## Reserve Fund

**Establishment and Funding.** The Indenture establishes a Reserve Fund, which will be held in trust by the Trustee for the benefit of the Owners as a reserve for the payment of principal of, and interest and any premium on, the Bonds. Within the Reserve Fund, the Trustee will establish separate Reserve Accounts for each Community Facilities District.

**Reserve Requirement.** The Reserve Fund will initially be funded with a portion of the proceeds of the Special Tax Bonds transferred to the Trustee in a combined amount of \$754,443.76, which equals the Reserve Requirement (as defined below) as of the Closing Date. See "FINANCING PLAN." The Reserve Requirement will be allocated among the Reserve Accounts on a pro rata basis based on the then-outstanding amounts of the Special Tax Bonds, which initially will be as follows:

- (i) to the CFD No. 2002-4 Reserve Account, \$407,750.00,
- (ii) to the CFD No. 2003-3 Reserve Account, \$160,331.26, and
- (iii) to the CFD No. 2004-1 Reserve Account, \$186,362.50.

The "**Reserve Requirement**" is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of the following:

- (i) the then Maximum Annual Debt Service on the Bonds,
- (ii) 125% of the then average Annual Debt Service on the Bonds, or
- (iii) 10% of the initial principal amount of the Bonds.

**Disbursements.** Except as otherwise provided in the Indenture, amounts in the Reserve Fund will be applied to pay the principal of, including sinking fund payments, and interest on the Bonds when due if the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor, in the following priority and subject to the following limitations:

- (i) If the insufficiency was caused by a delinquency in the payment of a series of Special Tax Bonds, the Trustee will transfer up to the amount of the delinquency from the Reserve Account of the Reserve Fund established for the Community Facilities District that issued such series of Special Tax Bonds to the Interest Account or the Principal Account, as applicable.
- (ii) Amounts in a Reserve Account of the Reserve Fund established for a Community Facilities District may be transferred to the Interest Account or Principal Account only to the extent necessary to cure any default on any Special Tax Bonds of such Community Facilities District and may not be transferred to cure any default on any other Special Tax Bonds.

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

## **Surplus Fund**

***Establishment and Deposits; Release from Pledge to Bonds.*** Under the Indenture, the Trustee will establish and maintain a separate fund to be known as the “Surplus Fund,” into which the Trustee will make deposits from the Revenue Fund on September 2 each year following payment of debt service on the Bonds, as described above.

Amounts in the Surplus Fund will no longer be considered Revenues and are not pledged to repay the Bonds.

***Transfers to Community Facilities Districts.*** So long as the Special Tax Bonds are outstanding under the terms of the Fiscal Agent Agreements, on September 2 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses (which will be paid by the Trustee upon receipt of a Request of the Authority), the remaining balance in the Surplus Fund will be transferred by the Trustee to the Fiscal Agent for credit to the Special Tax Funds of the Community Facilities Districts established and held by the Fiscal Agent.

If the Special Tax Bonds have been paid or defeased such that a Community Facilities District is no longer obligated to levy Special Taxes to repay its Special Tax Bonds, then such amounts in the Surplus Fund will be disbursed only to those Community Facilities Districts which are still obligated to levy Special Taxes to repay Special Tax Bonds.

If all Community Facilities Districts are no longer obligated to levy Special Taxes to repay Special Tax Bonds, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of Administrative Expenses or any other purpose.

## **Investment of Moneys in Funds**

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments. See APPENDIX C for a definition of “Permitted Investments” and other restrictions on the investment of moneys in the funds and accounts held under the Indenture.

## THE SPECIAL TAX BONDS

*The provisions of the Fiscal Agent Agreement with respect to security and sources of payment for each series of Special Tax Bonds are substantially identical, and will be described together in this section except as otherwise set forth. This section contains only a brief description of those provisions of the Fiscal Agent Agreements, which are further described in APPENDIX D. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.*

### General

The Special Tax Bonds will be issued by each Community Facilities District under its respective Fiscal Agent Agreement and under the Mello-Roos Community Facilities Act of 1982, as amended. Each series of Special Tax Bonds will be purchased by the Authority with the proceeds of the Bonds.

Each series of Special Tax Bonds is secured by and payable from the levy of Special Taxes made by each respective Community Facilities District.

### Security for the Special Tax Bonds

**Pledge of Net Taxes.** Under each Fiscal Agreement, the Special Tax Bonds are secured by a first pledge of all of the Net Special Taxes, and all moneys deposited in the Bond Fund and, until disbursed as provided therein, in the Special Tax Fund. The Net Special Taxes and all moneys deposited into those funds (except as otherwise provided therein) are dedicated to the payment of the principal of, and interest and any premium on, the Special Tax Bonds as provided therein and in the Act until all of the Special Tax Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose.

Amounts in the Administrative Expense Fund and the Improvement Fund are not pledged to the repayment of the Special Tax Bonds. The facilities acquired with the proceeds of the Special Tax Bonds are not in any way pledged to pay the Debt Service on the Special Tax Bonds. Any proceeds of condemnation or destruction of any facilities financed with the proceeds of the Special Tax Bonds are not pledged to pay the Debt Service on the Special Tax Bonds and are free and clear of any lien or obligation imposed under each Fiscal Agent Agreement.

The term “**Net Special Taxes**” is defined in each Fiscal Agent Agreement as the amount, after an initial amount is funded to the respective Administrative Expense Fund for each Community Facilities District (as set forth below), equal to the proceeds of the Special Taxes received by each respective Community Facilities District, including any scheduled payments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon.

The initial amount to be deposited in the Administrative Expense Fund for each Community Facilities District (the “**Initial Administrative Expense Fund Deposit**”) is as follows:

Improvement Area B of CFD No. 2002-4	\$35,000
CFD No. 2003-3	\$25,000
CFD No. 2004-1	\$25,000

“Net Special Taxes” do not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes.

**Limited Obligation.** All obligations of each Community Facilities District under each Fiscal Agent Agreement and each series of Special Tax Bonds are special obligations of each respective Community Facilities District, payable solely from the Net Special Taxes and the funds pledged therefor under each Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the School District (except to the limited extent set forth in each Fiscal Agent Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Special Tax Bonds.

**Redemption.** Each Community Facilities District's Special Tax Bonds are subject to redemption before maturity. See APPENDIX D.

## **Levy and Collection of Special Taxes**

**General.** Each Community Facilities District will covenant in its Fiscal Agent Agreement to comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

An Authorized Officer of each Community Facilities District will fix and levy the amount of Special Taxes within each Community Facilities District required for the payment of principal of and interest on any Outstanding Special Tax Bonds of the respective Community Facilities District becoming due and payable during the ensuing year, including an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any rebate obligation) during such year. The Special Taxes so levied may not exceed the authorized amounts as provided in the proceedings pursuant to each respective Resolution of Formation.

**Manner of Collection.** The Special Taxes will be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

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

**Risks Related to Special Taxes.** Although the Special Taxes will constitute liens on the taxed parcels of land within the related Community Facilities Districts, they do not constitute a personal indebtedness of the owners of property within the respective Community Facilities Districts, nor can they be accelerated in the event of a delinquency in payment of the Special Taxes in any given year. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will timely pay such taxes even if financially able to do so. See "RISK FACTORS RELATED TO SPECIAL TAX BONDS."

## **Deposit and Application of Special Taxes**

**Deposits.** Under each Fiscal Agent Agreement, all Special Tax Revenues received by the related Community Facilities District will be deposited in the Special Tax Fund, which will be held by the Fiscal Agent on behalf of each Community Facilities District.

Moneys in each Special Tax Fund will be held in trust by the Fiscal Agent for the benefit of each Community Facilities District and the Authority, as Owner of the Special Tax Bonds, will be disbursed as described below and, pending disbursement, will be subject to a lien in favor of the Authority and each Community Facilities District.

**Transfers to Replenish Reserve Fund.** Under each Fiscal Agent Agreement, the Community Facilities Districts agree to, as a first priority, utilize delinquent Special Tax collections to replenish the Reserve Fund established for the Bonds to the extent necessary before transferring any remaining amount to the Special Tax Fund, up to each respective Community Facilities District's pro rata share of the Reserve Requirement.

**Disbursements.** From time to time as needed to pay the obligations of each Community Facilities District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent will withdraw from each Special Tax Fund and transfer the following amounts in the following order of priority:

(i) the amount or portion thereof, not exceeding the Initial Administrative Expense Fund Deposit for each Community Facilities District (as defined above), which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund for payment of Administrative Expenses;

(ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund and the Special Tax Prepayments Subaccount to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the respective Special Tax Bonds on the next Interest Payment Date; and

(iii) to the Administrative Expense Fund the amount of Administrative Expenses in excess of the amount previously transferred thereto, as directed in writing by an Authorized Officer. The amounts the Authorized Officer directs the Fiscal Agent to transfer from time to time to the Administrative Expense Fund may not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses.

**Surplus Special Taxes.** At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year, any amounts in excess of such amounts (the "**Surplus Special Tax Amounts**") remaining in the Special Tax Fund will be released from the pledge and lien created under each Fiscal Agent Agreement for the remainder of the then-current Bond Year, and may be used by the respective Community Facilities District for any lawful purpose under the Act.

Surplus Special Tax Amounts will be transferred by the Fiscal Agent to the related Improvement Fund to be used for any lawful purpose under the Act.

## **Covenant to Foreclose**

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

***Foreclosure Under the Act.*** Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Taxes, each Community Facilities District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

Such judicial foreclosure action is not mandatory. However, each Community Facilities District will agree in its respective Fiscal Agent Agreement that, on or about February 15 and June 15 of each Fiscal Year, an Authorized Officer will compare the amount of Special Taxes to be collected on the December 10 and April 10 installments of the secured property tax bills to the amount of Special Taxes actually received by the Community Facilities District in those installments, and proceed as set forth below:

***Individual Delinquencies.*** If the Authorized Officer determines that any single parcel subject to the Special Tax in the Community Facilities District is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Authorized Officer will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the Community Facilities District within 90 days of a June 15 determination.

***Aggregate Delinquencies.*** If the Authorized Officer determines that the total amount of delinquent Special Taxes for the prior Fiscal Year (after both the first and second installments) for the entire Community Facilities District (including the total of individual delinquencies determined as set forth above), exceeds 5% of the total Special Taxes due and payable for the prior Fiscal Year, the Community Facilities District will notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes and demand immediate payment of the delinquency within 45 days of such determination, and will commence foreclosure proceedings within 90 days of a June 15 determination against each parcel of land in the Community Facilities District with a Special Tax delinquency; provided, however, that the Community Facilities District may elect not to go forward on foreclosure proceedings for aggregate delinquencies if the Reserve Fund under the Indenture is fully funded and Debt Service can be paid.

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

Section 53356.6 of the Act requires that property sold 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.

However, under Section 53356.5 of the Act, each Community Facilities District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the Community Facilities District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the Community Facilities District becomes the purchaser under a credit bid, the Community Facilities District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the “**FDIC**”). See "RISK FACTORS RELATED TO SPECIAL TAX BONDS."

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

## **Rate and Method**

*This section contains a summary of each Rate and Method adopted by each Community Facilities District. The general structure of each Rate and Method is substantially identical, and will be described together in this section except as otherwise set forth. This section contains only a brief description of each Rate and Method, and is qualified by the complete terms of each Rate and Method, each of which is attached in APPENDIX B to this Official Statement. Capitalized terms used but not defined in this section have the meanings set forth in each Rate and Method .*

**Maximum Special Tax.** The Maximum Special Tax is defined in each Rate and Method generally as the *greater* of the applicable Assigned Annual Special Tax or the applicable Backup Annual Special Tax, as set forth in each Rate and Method.

**Classification of Property.** For each Fiscal Year, each Assessor’s Parcel within each Community Facilities District has been and will be classified as Taxable Property or Exempt Property (as defined in each Rate and Method), and each Assessor's Parcel of Taxable Property has been and will be classified as Developed Property or Undeveloped Property, as further defined below.

“**Developed Property**” means all Assessor’s Parcels for which building permits were issued on or before January 1 of the prior Fiscal Year for the construction of a residential structure.

“**Undeveloped Property**” means all Assessor’s Parcels not classified as Developed Property.

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

Step One: An Annual Special Tax will be levied on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax.

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

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

**Full and Partial Prepayment of Annual Special Taxes.** Each Rate and Method of Apportionment of Special Taxes permits the property owners to prepay their Special Taxes in full or in part, provided that the terms set forth under the Rate and Method are satisfied.

#### **No Issuance of Future Parity Bonds**

Each Community Facilities District will covenant in its respective Fiscal Agent Agreement that no bonds secured by the Special Taxes pledged thereunder, other than each respective series of Special Tax Bonds, may be issued.

#### **No Direct Cross-Collateralization Among Special Tax Bonds**

Special Taxes levied by one Community Facilities District may only be applied to pay debt service on the Special Tax Bonds issued by that Community Facilities District, and are not cross-pledged or available to pay debt service on the Special Tax Bonds issued by the other Community Facilities District. See "BOND OWNERS' RISKS."

Any excess will remain on deposit in the Revenue Fund through the end of each Bond Year, and until it is transferred to the Surplus Fund, will be available to pay debt service on the Bonds on a cross-collateralized basis. See "SECURITY FOR THE BONDS – Surplus Fund" above and " – Scheduled Debt Service on Bonds" below



## Scheduled Debt Service Coverage

The expected debt service coverage on each series of Special Tax Bonds will be at least equal to 110%, based on (1) debt service on that series of Special Tax Bonds and (2) Net Special Taxes expected to be collected in the related Community Facilities District. See "THE COMMUNITY FACILITIES DISTRICTS."

The following table presents the scheduled annual debt service on each series of Special Tax Bonds, and shows the coverage such debt service provides with respect to the scheduled debt service on the Bonds, assuming there are no prepayments of any Special Tax Bonds or Bonds.

**Table 1**  
**Special Tax Bonds Debt Service and**  
**Debt Service Coverage on the Bonds**

Year Ending Sept. 1	Imp. Area B of CFD No. 2002-4 Debt Service	CFD No. 2003-3 Debt Service	CFD No. 2004-1 Debt Service	Total Special Tax Bonds Debt Service	Authority Bonds Debt Service	Debt Service Coverage
2013	\$277,749.31	\$113,522.57	\$123,405.21	\$514,677.09	\$514,677.09	100.00%
2014	403,625.00	155,637.50	184,362.50	743,625.00	743,625.00	100.00
2015	405,525.00	159,337.50	182,862.50	747,725.00	747,725.00	100.00
2016	407,325.00	157,937.50	186,362.50	751,625.00	751,625.00	100.00
2017	404,025.00	156,537.50	184,762.50	745,325.00	745,325.00	100.00
2018	405,312.50	159,962.50	182,962.50	748,237.50	748,237.50	100.00
2019	406,062.50	158,087.50	185,962.50	750,112.50	750,112.50	100.00
2020	406,250.00	156,025.00	183,625.00	745,900.00	745,900.00	100.00
2021	405,625.00	158,681.26	185,968.76	750,275.02	750,275.02	100.00
2022	404,381.26	155,981.26	182,931.26	743,293.78	743,293.78	100.00
2023	402,731.26	158,181.26	184,781.26	745,693.78	745,693.78	100.00
2024	405,418.76	159,993.76	186,218.76	751,631.28	751,631.28	100.00
2025	407,731.26	156,618.76	182,468.76	746,818.78	746,818.78	100.00
2026	404,400.00	158,131.26	183,593.76	746,125.02	746,125.02	100.00
2027	405,600.00	159,331.26	184,393.76	749,325.02	749,325.02	100.00
2028	406,400.00	160,331.26	184,993.76	751,725.02	751,725.02	100.00
2029	406,500.00	156,000.00	185,250.00	747,750.00	747,750.00	100.00
2030	404,000.00	155,750.00	184,250.00	744,000.00	744,000.00	100.00
2031	406,000.00	160,250.00	183,000.00	749,250.00	749,250.00	100.00
2032	407,250.00	159,250.00	181,500.00	748,000.00	748,000.00	100.00
2033	402,750.00	158,000.00	184,750.00	745,500.00	745,500.00	100.00
2034	402,750.00	156,500.00	182,500.00	741,750.00	741,750.00	100.00
2035	407,000.00	159,750.00	185,000.00	751,750.00	751,750.00	100.00
2036	405,250.00	157,500.00	182,000.00	744,750.00	744,750.00	100.00
2037	407,750.00	0.00	183,750.00	591,500.00	591,500.00	100.00
2038	404,250.00	0.00	0.00	404,250.00	404,250.00	100.00
Totals	\$10,411,661.85	\$3,747,297.65	\$4,541,655.29	\$18,700,614.79	\$18,700,614.79	

## THE COMMUNITY FACILITIES DISTRICTS

### Formation and Background

**Improvement Area B of CFD No. 2002-4.** The School District established CFD No. 2002-4 and its improvement areas, including Improvement Area B, on June 27, 2002, following a noticed public hearing. The qualified electors within Improvement Area B of CFD No. 2002-4 approved a ballot proposition authorizing the Community Facilities District to incur bonded indebtedness of up to \$7,000,000 to finance the acquisition and construction of the authorized facilities.

The Community Facilities District issued the Prior Improvement Area B of CFD No. 2002-4 Special Tax Bonds on July 20, 2006, in the original principal amount of \$5,640,000. Following the issuance of the Improvement Area B of CFD No. 2002-4 Special Tax Bonds, Improvement Area B of CFD No. 2002-4 will have \$640,752 in remaining bonding authorization.

**CFD No. 2003-3.** The School District established CFD No. 2003-3 on August 14, 2003, following a noticed public hearing. The qualified electors within CFD No. 2003-3 approved a ballot proposition authorizing the Community Facilities District to incur bonded indebtedness of up to \$3,500,000 to finance the acquisition and construction of the authorized facilities.

The Community Facilities District issued the Prior CFD No. 2003-3 Special Tax Bonds on April 14, 2004, in the original principal amount of \$2,235,000. Following the issuance of the CFD No. 2004-1 Special Tax Bonds, CFD No. 2004-1 will have \$971,532 in remaining bonding authorization.

**CFD No. 2004-1.** The School District established CFD No. 2004-1 on January 20, 2005, following a noticed public hearing. The qualified electors within CFD No. 2004-1 approved a ballot proposition authorizing the Community Facilities District to incur bonded indebtedness of up to \$4,000,000 to finance the acquisition and construction of the authorized facilities.

The Community Facilities District issued the Prior CFD No. 2004-1 Special Tax Bonds on June 9, 2005, in the original principal amount of \$2,880,000. Following the issuance of the CFD No. 2004-1 Special Tax Bonds, CFD No. 2004-1 will have \$1,013,479 in remaining bonding authorization.

**Special Tax Formulas.** The Rate and Method for each Community Facilities District is summarized above (see "THE SPECIAL TAX BONDS – Rate and Method") and attached as APPENDIX B.

### Description and Location

**Improvement Area B of CFD No. 2002-4.** Improvement Area B of CFD No. 2002-4 is located in an unincorporated area of the County in the community known as French Valley, to the northeast of the City boundaries near the intersection of Briggs Road and Clinton Keith Road.

**CFD No. 2003-3.** CFD No. 2003-3 is located in the southeastern portion of the City, near the interchange between I-15 and I-215, at the intersection of Jackson Avenue and Walton Way.

**CFD No. 2004-1.** CFD No. 2004-1 is located in the eastern portion of the City and consists of two non-contiguous areas, one located west of Winchester Road and north of Robert Trent Jones Parkway, and the other located west of Winchester Road, south of Robert Trent Jones Parkway and north of Murrieta Hot Springs Road. Both portions of CFD No. 2004-1 are located on the SCGA Golf Course.

**Demographic information and Boundary Maps.** For demographic information regarding the area within and surrounding the Community Facilities Districts, see APPENDIX A. The boundary maps showing the boundaries of each Community Facilities District are attached as APPENDIX H.

**Property Ownership and Development Status**

**General.** The ownership of the property within each Community Facilities District is summarized below. All of the parcels in each Community Facilities District have been developed as completed homes that have been sold to homeowners.

Community Facilities District	Property Ownership	No. of Parcels	Approximate Acreage [1]
Improvement Area B of CFD No. 2002-4	Individual Owners	241	49.46
CFD No. 2003-3	Individuals Owners	140	16.27
CFD No. 2004-1	Individuals Owners	106	18.47

[1] Provided by the County.  
Source: Compiled by Dolinka Group LLC.

This section describes the major property owners in each Community Facilities District. See APPENDIX I for a full listing of the parcels, ownership, and value to lien information for the property in each Community Facilities District.

**Major Owners.** One property owner within CFD No. 2004-1 owns two parcels that are responsible for approximately 2% of the Fiscal Year 2012-13 Special Tax levy in CFD No. 2004-1.

The remaining parcels in each Community Facilities District are owned by individual property owners, which may include a number of financial institutions or property holding companies.

**Property Classification and Share of Special Tax Levy**

The following tables set forth the special tax classification under the applicable Rate and Method for the property in each Community Facilities District, and each classification's share of the Fiscal Year 2012-13 Special Tax levy.

**Table 2A  
Improvement Area B of CFD No. 2002-4  
Property Classification and Share of Special Tax Levy**

Special Tax Class	Building Square Feet	2012-13 Special Tax Rate	Units Levied	Special Taxes Levied	2012-13 Levy as Percent of Total
1	< 2,600	\$1,540.66	0	\$0.00	0.00%
2	2,600 - 2,800	\$1,768.66	23	\$40,679.18	8.41%
3	2,801 - 3,000	\$1,882.68	67	\$126,139.56	26.08%
4	3,001 - 3,200	\$1,996.68	16	\$31,946.88	6.60%
5	> 3,200	\$2,110.68	135	\$284,941.80	58.91%
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>241</b>	<b>\$483,707.42</b>	<b>100.00%</b>

Source: Dolinka Group, LLC

**Table 2B  
CFD No. 2003-3  
Property Classification and Share of Special Tax Levy**

Special Tax Class	Building Square Feet	2012-13 Special Tax Rate	Units Levied	Special Taxes Levied	2012-13 Levy as Percent of Total
1	< 1,950	\$1,399.16	34	\$47,571.44	23.58%
2	1,950 - 2,050	\$1,435.84	0	\$0.00	0.00%
3	> 2,050	\$1,454.16	106	\$154,140.96	76.42%
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>140</b>	<b>\$201,712.40</b>	<b>100.00%</b>

Source: Dolinka Group, LLC

**Table 2C  
CFD No. 2004-1  
Property Classification and Share of Special Tax Levy**

Special Tax Class	Building Square Feet	2012-13 Special Tax Rate	Units Levied	Special Taxes Levied	2012-13 Levy as Percent of Total
1	< 2,600	\$2,004.96	6	\$12,029.76	5.23%
2	2,600 - 2,900	\$2,033.70	35	\$71,179.50	30.92%
3	2,901 - 3,200	\$2,189.00	13	\$28,457.00	12.36%
4	3,201 - 3,500	\$2,240.78	38	\$85,149.64	36.99%
5	> 3,500	\$2,384.56	14	\$33,383.84	14.50%
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>106</b>	<b>\$230,199.74</b>	<b>100.00%</b>

Source: Dolinka Group, LLC

## Special Tax Revenues and Projected Debt Service Coverage

Each Rate and Method is structured to produce Special Tax revenues from the Assigned Annual Special Tax and the Maximum Special Tax which, when applied to the projected debt service on the respective series of Special Tax Bonds, is anticipated to result in a debt service coverage ratio of at least 110%.

## Assessed Property Values and Value-to-Burden Ratios

**No Appraisal.** The Authority has not commissioned an appraisal of the property in any of the Community Facilities Districts. Therefore, all estimated property values shown in this Official Statement are based on the Fiscal Year 2012-13 County Assessor's roll (which is the last equalized assessor's roll).

*The current market value of the parcels within each Community Facilities District could be different than the County Assessor's values shown in this Official Statement. See "BOND OWNERS' RISKS – Assessed Valuations."*

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

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

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

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

**Historical Assessed Valuation.** The tables below show a five-year history of secured assessed values in each Community Facilities District, based on the valuation only of those parcels that were classified as Taxable Property and subject to the levy of Special Taxes during each respective Fiscal Year.

**Table 3A**  
**Improvement Area B of CFD No. 2002-4**  
**Secured Assessed Value History**

Roll Year	Total Assessed Value	% Change
2008-09	\$43,415,286	NA
2009-10	54,699,784	25.99%
2010-11	68,861,844	25.89
2011-12	83,096,761	20.67
2012-13	78,516,169	(5.51)

Source: Dolinka Group, LLC, based on information provided by the County Assessor's Roll as of January 1st of applicable roll year.

**Table 3B**  
**CFD No. 2003-3**  
**Secured Assessed Value History**

Roll Year	Total Assessed Value	% Change
2008-09	\$43,715,000	NA
2009-10	29,691,750	(32.08%)
2010-11	29,214,749	(1.61)
2011-12	29,837,504	2.13
2012-13	30,598,970	2.55

Source: Dolinka Group, LLC, based on information provided by the County Assessor's Roll as of January 1st of applicable roll year.

**Table 3C**  
**CFD No. 2004-1**  
**Secured Assessed Value History**

Roll Year	Total Assessed Value	% Change
2008-09	\$46,153,385	NA
2009-10	30,237,500	(34.48%)
2010-11	33,728,451	11.55
2011-12	31,051,960	(7.94)
2012-13	30,359,536	(2.00)

Source: Dolinka Group, LLC, based on information provided by the County Assessor's Roll as of January 1st of applicable roll year.

**Estimated Aggregate Value-to-Burden Ratios.** The table below shows the approximate projected value-to-burden ratio for the parcels in each Community Facilities District subject to the Special Tax levy (excluding parcels classified as Affordable Units and Exempt Property, and parcels that have prepaid their Special Tax obligation), based on the Fiscal Year 2012-13 assessed values reported by the County Assessor and the proposed principal amount of each series of Special Tax Bonds. (There are no overlapping districts with bonded land-secured indebtedness affecting the Community Facilities Districts.)

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

**Table 4**  
**Improvement Area B of CFD No. 2002-4, CFD No. 2003-3 and CFD No. 2004-1**  
**Fiscal Year 2012-13 Assessed Values and Value-to-Burden Ratios**

District	Total Parcels Levied	2012-13 Special Tax Levy	Assessed Valuation [1]	2013 Special Tax Bonds	Value-to- Burden [2]
Imp. Area B of CFD No. 2002-4	241	\$483,707.42	\$78,516,169	\$6,125,000	12.82:1
CFD No. 2003-3	140	201,712.40	30,598,970	2,310,000	13.25:1
CFD No. 2004-1	106	230,199.74	30,359,536	2,735,000	11.10:1

[1] Source: County Assessor's Roll dated January 1, 2012.

[2] Average value-to-lien per Lot; actual value-to-lien may vary by Lot.

Source: Dolinka Group, LLC.

**Estimated Value-to-Burden Ratios by Category.** The tables below show the estimated distribution of assessed values in each Community Facilities District by value-to-burden category, based on the Fiscal Year 2012-13 assessed values reported by the County Assessor for parcels classified as Taxable Property in each Community Facilities District, and the proposed principal amount of each series of Special Tax Bonds. (There are no overlapping districts with bonded land-secured indebtedness affecting the Community Facilities Districts.)

**Table 5A  
Improvement Area B of CFD No. 2002-4  
Fiscal Year 2012-13 Assessed Values by Value-to-Burden Category**

Value-to-Burden Category	Number of Parcels	Special Tax Bonds	Assessed Valuation [1]	Value-to-Lien Ratios	Fiscal Year 2012-13 Special Tax	Percentage Share of Special Tax
15:1 and above	2	\$52,010	\$812,605	15.62:1	\$4,107	0.85%
10:1 to 15:1	239	\$6,072,990	77,703,564	12.79:1	479,600	99.15
7:1 to 10:1	0	0	0	0.00:1	0	0.00
Below 7:1	0	0	0	0.00:1	0	0.00
<b>Total</b>	<b>241</b>	<b>\$6,125,000</b>	<b>\$78,516,169</b>	<b>12.82:1</b>	<b>\$483,707</b>	<b>100.00%</b>

[1] Source: County Assessor's Roll dated January 1, 2012.  
Source: Dolinka Group, LLC; County of Los Angeles Assessor's Roll dated January 1, 2012.

**Table 5B  
CFD No. 2003-3  
Fiscal Year 2012-13 Assessed Values by Value-to-Burden Category**

Value-to-Burden Category	Number of Parcels	Special Tax Bonds	Assessed Valuation [1]	Combined Value-to-Lien	Fiscal Year 2012-13 Special Tax	Percentage Share of Special Tax
10:1 to 15:1	140	\$2,310,000	\$30,598,970	13.25:1	\$201,712	100.00%
Below 10:1	0	0	0	0.00:1	0	0.00
<b>Total</b>	<b>140</b>	<b>\$2,310,000</b>	<b>\$30,598,970</b>	<b>13.25:1</b>	<b>\$201,712</b>	<b>100.00%</b>

[1] Source: County Assessor's Roll dated January 1, 2012.  
Source: Dolinka Group, LLC; County of Los Angeles Assessor's Roll dated January 1, 2012.

**Table 5C  
CFD No. 2004-1  
Fiscal Year 2012-13 Assessed Values by Value-to-Burden Category**

Value-to-Burden Category	Number of Parcels	Special Tax Bonds	Assessed Valuation [1]	Combined Value-to-Lien	Fiscal Year 2012-13 Special Tax	Percentage Share of Special Tax
10:1 to 15:1	103	\$2,654,176	\$29,584,849	11.15:1	\$223,397	97.04%
7:1 to 10:1	3	80,824	774,687	9.58:1	6,803	2.96
Below 7:1	0	0	0	0.00:1	0	0.00
<b>Total</b>	<b>106</b>	<b>\$2,735,000</b>	<b>\$30,359,536</b>	<b>11.10:1</b>	<b>\$230,200</b>	<b>100.00%</b>

[1] Source: County Assessor's Roll dated January 1, 2012.  
Source: Dolinka Group, LLC; County of Los Angeles Assessor's Roll dated January 1, 2012.



## Delinquency History

**Improvement Area B of CFD No. 2002-4.** The table below presents the collections and delinquencies in the payment of the Special Taxes in Improvement Area B of CFD No. 2002-4 for Fiscal Years 2007-08 through 2011-12.

**Table 6A**  
**Improvement Area B of CFD No. 2002-4**  
**Special Tax Collections and Delinquencies**  
**Fiscal Years 2007-08 through 2011-12**

Fiscal Year Ending June 30	Subject Fiscal Year ending June 30					June 30, 2012		
	Aggregate Annual Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Amount Delinquent	Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$429,928.04	\$426,990.02	2	\$2,938.02	0.68%	0	\$0.00	0.00%
2009	410,102.40	402,058.69	5	8,043.71	1.96	0	0.00	0.00
2010	453,781.02	450,615.00	2	3,166.02	0.70	0	0.00	0.00
2011	483,707.42	477,603.38	3	6,104.04	1.26	0	0.00	0.00
2012	483,707.42	479,714.06	3	3,993.36	0.83	3	3,993.36	0.83

Source: Dolinka Group, LLC; County Treasurer-Tax Collector's Office.

As of January 10, 2013, 4 parcels were reported delinquent in the payment of the first installment of the Fiscal Year 2012-13 Special Taxes, for a combined delinquency of \$3,936.36 and a delinquency rate of 1.63%.

CFD No. 2002-4 has taken actions to enforce delinquent Special Taxes in Improvement Area B in the past (including sending demand letters to the delinquent property owners and engaging foreclosure counsel). However, to date, CFD No. 2002-4 has not filed any Superior Court actions for foreclosure against any parcels in Improvement Area B with Special Tax delinquencies.

**CFD No. 2003-3.** The table below presents the collections and delinquencies in the payment of the Special Taxes in CFD No. 2003-3 for Fiscal Years 2007-08 through 2011-12.

**Table 6B**  
**CFD No. 2003-3**  
**Special Tax Collections and Delinquencies**  
**Fiscal Years 2007-08 through 2011-12**

Fiscal Year Ending June 30	Subject Fiscal Year ending June 30					June 30, 2012		
	Aggregate Annual Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Amount Delinquent	Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$201,712.40	\$186,636.22	15	\$15,076.18	7.47%	0	\$ 0.00	0.00%
2009	201,712.40	182,191.24	15	19,521.16	9.68	1	1,454.16	0.72
2010	201,712.40	193,042.44	6	8,669.96	4.30	1	1,454.16	0.72
2011	201,712.40	200,258.24	1	1,454.16	0.72	1	1,454.16	0.72
2012	201,712.40	199,531.16	2	2,181.24	1.08	2	2,181.24	1.08

Source: Dolinka Group, LLC; County Treasurer-Tax Collector's Office.

As of January 10, 2013, 3 parcels were reported delinquent in the payment of the first installment of the Fiscal Year 2012-13 Special Taxes, for a combined delinquency of \$2,181.24 and a delinquency rate of 2.16%.

CFD No. 2003-3 has taken actions to enforce delinquent Special Taxes in the past (including sending demand letters to the delinquent property owners and engaging foreclosure counsel). However, to date, CFD No. 2003-3 has not filed any Superior Court actions for foreclosure against any parcels with Special Tax delinquencies.

**CFD No. 2004-1.** The table below presents the collections and delinquencies in the payment of the Special Taxes in CFD No. 2004-1 for Fiscal Years 2007-08 through 2011-12.

**Table 6C**  
**CFD No. 2004-1**  
**Special Tax Collections and Delinquencies**  
**Fiscal Years 2007-08 through 2011-12**

Fiscal Year Ending June 30	Subject Fiscal Year ending June 30					June 30, 2012		
	Aggregate Annual Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Amount Delinquent	Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$230,199.74	\$204,041.24	15	\$26,158.50	11.36%	0	\$ 0.00	0.00%
2009	230,199.74	200,609.56	14	29,590.18	12.85	0	0.00	0.00
2010	230,199.74	215,755.51	8	14,444.23	6.27	1	2,240.78	0.97
2011	230,199.74	225,574.40	2	4,625.34	2.01	1	2,240.78	0.97
2012	230,199.74	220,633.93	5	9,565.81	4.16	5	9,565.81	4.16

Source: Dolinka Group, LLC; County Treasurer-Tax Collector's Office.

As of January 10, 2013, 3 parcels were reported delinquent in the payment of the first installment of the Fiscal Year 2012-13 Special Taxes, for a combined delinquency of \$3,154.09 and a delinquency rate of 2.74%.

CFD No. 2004-1 has taken actions to enforce delinquent Special Taxes in the past (including sending demand letters to the delinquent property owners and engaging foreclosure counsel). However, to date, CFD No. 2004-1 has not filed any Superior Court actions for foreclosure against any parcels with Special Tax delinquencies.

**Potential Consequences of Continuing Special Tax Delinquencies.** Sustained and continuing delinquencies in the payment of the Special Taxes at increased levels could cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, a default in the payment on the Bonds. See "BOND OWNERS' RISKS."

In such an event, each Community Facilities District could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received.

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

Following the issuance of the Bonds, each Community Facilities District will be obligated to pursue foreclosure actions against delinquent parcels in accordance with the covenant to foreclose contained in each Fiscal Agent Agreement. See "THE SPECIAL TAX BONDS."

**Limitations on Increases in Special Tax Levy.** If property owners are delinquent in the payment of Special Taxes, the Community Facilities Districts may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the maximum Special Tax rates specified in each Rate and Method. See "THE SPECIAL TAX BONDS." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in shortfalls in Revenues available to pay debt service on the Bonds. See "BOND OWNERS' RISKS."

### **Direct and Overlapping Governmental Obligations**

**Direct and Overlapping Debt Statements.** Certain local agencies provide public services and assess property taxes, assessments, special taxes and other charges on the property in each Community Facilities District. Many of these local agencies have outstanding debt.

The direct and overlapping obligations affecting the property in each Community Facilities District are shown in the following tables.

*These tables were prepared by National Tax Data, Inc., doing business in California as California Tax Data, and are included for general information purposes only. The Authority has not reviewed these reports for completeness or accuracy and makes no representation in connection therewith.*

**Table 7A**  
**Improvement Area B of CFD No. 2002-4**  
**Detailed Direct and Overlapping Debt**  
**(As of December 12, 2012)**

**I. Assessed Value**

**2012-2013 Secured Roll Assessed Value** **\$78,516,225**

**II. Secured Property Taxes**

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	893,158	\$1,869,720.04 5.57	0.04103%	247	\$767,207.12
Voter Approved Debt	AVALL	7,364	\$38,234,617.6 2	0.00908%	1	\$3,472.20
County of Riverside CSA No. 103 (Street Lights)	CSA	8,408	\$396,843.72	3.23538%	246	\$12,839.40
County of Riverside CSA No. 152 (Street Sweeping)	CSA	58,655	\$1,504,911.84	0.72300%	246	\$10,880.52
County of Riverside Delinquent Trash Charge	DQ	5,476	\$1,872,054.18	0.07248%	5	\$1,356.92
County of Riverside WRCOG HERO Financing Program	FEE	110	\$242,572.32	0.87689%	1	\$2,127.10
Eastern Municipal Water District Combined Standby Charge	STANDBY	242,375	\$5,621,903.98	0.17879%	248	\$10,051.16
Metropolitan Water District of Southern California Debt Service	GOB	240,706	\$1,750,946.51	0.15331%	240	\$2,684.44
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	239,266	\$2,814,049.72	0.06443%	248	\$1,813.04
Murrieta Valley Unified School District CFD No. 2002-4, Impv Area B	CFD	248	\$483,707.42 \$12,788,683.3	100.00000%	241	\$483,707.42
Murrieta Valley Unified School District Debt Service	GOB	35,303	3	0.73416%	240	\$93,889.63
Riverside County Flood Control NPDES (Santa Margarita)	FLOOD	83,022	\$527,315.22	0.18034%	241	\$950.94
Valley Wide Park and Recreation District LMD (French Valley)	LMD	7,510	\$3,584,118.32	2.57426%	241	\$92,264.44
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	66,852	\$1,115,778.10	0.11966%	241	\$1,335.14
<b>2012-2013 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,484,579.47</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2012-2013 ASSESSED VALUATION</b>						<b>1.89%</b>

**III. Land Secured Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Murrieta Valley Unified School District CFD No. 2002-4, Impv Area B	CFD	\$5,640,000	\$5,210,000	100.00000%	241	\$5,210,000
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$5,210,000</b>

**IV. General Obligation Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$196,545,000	0.00374%	241	\$7,358
Murrieta Valley Unified School District GOB 1998	GOB	\$37,498,826	\$24,051,894	0.73875%	241	\$177,684
Murrieta Valley Unified School District GOB 2002	GOB	\$40,399,284	\$32,339,284	0.73875%	241	\$238,907
Murrieta Valley Unified School District GOB 2006	GOB	\$119,996,844	\$111,651,844	0.73875%	241	\$824,831
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$1,248,781</b>

**TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT** **\$6,458,780.57**  
**VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT** **12.16:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.  
Source: National Tax Data, Inc.

**Table 7B**  
**CFD No. 2003-3**  
**Detailed Direct and Overlapping Debt**  
**(As of December 12, 2012)**

**I. Assessed Value**

**2012-2013 Secured Roll Assessed Value** **\$30,599,080**

**II. Secured Property Taxes**

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
			\$1,869,720,045.5			
Basic Levy	PROP13	893,158	7	0.01617%	140	\$302,363.70
City of Murrieta Parks & Recreation	PARK	32,044	\$1,815,714.00	0.34697%	140	\$6,300.00
City of Murrieta Refuse Fees	TRASH	1,481	\$322,639.06	0.64421%	9	\$2,078.46
County of Riverside CSA No. 152 (Stormwater)	CSA	30,967	\$468,261.14	0.29898%	140	\$1,400.00
Eastern Municipal Water District Combined Standby Charge	STANDBY	242,375	\$5,621,903.98	0.04981%	140	\$2,800.00
Eastern Municipal Water District ID No. 22 Debt Service	GOB	10,405	\$80,951.98	1.12027%	140	\$906.88
Eastern Municipal Water District ID No. 23 Debt Service	GOB	11,156	\$401,790.24	1.05351%	140	\$4,232.92
Metropolitan Water District of Southern California Debt Service	GOB	240,706	\$1,750,946.51	0.06041%	140	\$1,057.83
Murrieta Community Services District	CSD	31,764	\$2,701,973.30	0.23544%	140	\$6,361.60
Murrieta Fire Protection District	FIRE	30,705	\$1,454,952.40	0.38489%	140	\$5,600.00
Murrieta Valley Unified School District CFD No. 2003-3	CFD	151	\$201,712.40	100.00000%	140	\$201,712.40
Murrieta Valley Unified School District Debt Service	GOB	35,303	\$12,788,683.33	0.28934%	140	\$37,002.51
Riverside County Flood Control NPDES (Santa Margarita)	FLOOD	83,022	\$527,315.22	0.07044%	140	\$371.46
<b>2012-2013 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$572,187.76</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2012-2013 ASSESSED VALUATION</b>						<b>1.87%</b>

**III. Land Secured Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Murrieta Valley Unified School District CFD No. 2003-3	CFD	\$2,235,000	\$1,935,000	100.00000%	140	\$1,935,000
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$1,935,000</b>

**IV. General Obligation Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District ID No. 22	GOB	\$5,800,000	\$2,033,000	1.11564%	140	\$22,681
Eastern Municipal Water District ID No. 23	GOB	\$3,750,000	\$987,000	1.04915%	140	\$10,355
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$196,545,000	0.00146%	140	\$2,867
Murrieta Valley Unified School District GOB 1998	GOB	\$37,498,826	\$24,051,894	0.28790%	140	\$69,246
Murrieta Valley Unified School District GOB 2002	GOB	\$40,399,284	\$32,339,284	0.28790%	140	\$93,106
Murrieta Valley Unified School District GOB 2006	GOB	\$119,996,844	\$111,651,844	0.28790%	140	\$321,450
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$519,705</b>

**TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT** **\$2,454,705.22**  
**VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT** **12.47:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.  
Source: National Tax Data, Inc.

**Table 7C**  
**CFD No. 2004-1**  
**Detailed Direct and Overlapping Debt**  
**(As of December 12, 2012)**

**I. Assessed Value**

**2012-2013 Secured Roll Assessed Value**

**\$30,431,122**

**II. Secured Property Taxes**

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
	PROP1		\$1,869,720.04			
Basic Levy	3	893,158	5.57	0.01611%	108	\$301,161.22
City of Murrieta Landscape & Lighting District No. 22	LLD	106	\$5,331.80	100.00000%	106	\$5,331.80
City of Murrieta Parks & Recreation	PARK	32,044	\$1,815,714.00	0.26271%	106	\$4,770.00
City of Murrieta Refuse Fees	TRASH	1,481	\$322,639.06	0.58355%	8	\$1,882.76
County of Riverside CSA No. 152 (Stormwater)	CSA STAND	30,967	\$468,261.14	0.22637%	106	\$1,060.00
Eastern Municipal Water District Combined Standby Charge	BY	242,375	\$5,621,903.98	0.07859%	108	\$4,418.20
Eastern Municipal Water District ID No. 22 Debt Service	GOB	10,405	\$80,951.98	1.11602%	108	\$903.44
Eastern Municipal Water District ID No. 23 Debt Service	GOB	11,156	\$401,790.24	1.04936%	108	\$4,216.22
Metropolitan Water District of Southern California Debt Service	GOB STAND	240,706	\$1,750,946.51	0.06018%	108	\$1,053.75
Metropolitan Water District of Southern California Standby Charge (East)	BY	239,266	\$2,814,049.72	0.02761%	108	\$776.84
Murrieta Community Services District	CSD	31,764	\$2,701,973.30	0.17826%	106	\$4,816.64
Murrieta Fire Protection District	FIRE	30,705	\$1,454,952.40	0.29142%	106	\$4,240.00
Murrieta Valley Unified School District CFD No. 2004-1	CFD	108	\$230,199.74 \$12,788,683.3	100.00000%	106	\$230,199.74
Murrieta Valley Unified School District Debt Service	GOB	35,303	3	0.28819%	108	\$36,855.60
Riverside County Flood Control NPDES (Santa Margarita)	FLOOD	83,022	\$527,315.22	0.07215%	108	\$380.44
<b>2012-2013 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$602,066.65</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2012-2013 ASSESSED VALUATION</b>						<b>1.98%</b>

**III. Land Secured Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Murrieta Valley Unified School District CFD No. 2004-1	CFD	\$2,880,000	\$2,545,000	100.00000%	106	\$2,545,000
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$2,545,000</b>

**IV. General Obligation Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District ID No. 22	GOB	\$5,800,000	\$2,033,000	1.10952%	108	\$22,557
Eastern Municipal Water District ID No. 23	GOB	\$3,750,000	\$987,000	1.04339%	108	\$10,298
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$196,545,000	0.00145%	108	\$2,852
Murrieta Valley Unified School District GOB 1998	GOB	\$37,498,826	\$24,051,894	0.28632%	108	\$68,866
Murrieta Valley Unified School District GOB 2002	GOB	\$40,399,284	\$32,339,284	0.28632%	108	\$92,595
Murrieta Valley Unified School District GOB 2006	GOB	\$119,996,844	\$111,651,844	0.28632%	108	\$319,686
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$516,854</b>

**TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT**

**\$3,061,854.42**

**VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT**

**9.94:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.  
Source: National Tax Data, Inc.

**Estimated Tax Burden on Representative Parcels.** The following tables set forth the estimated total tax burden on a representative developed parcels in each Community Facilities District, based on Fiscal Year 2012-13 tax rates.

**Table 8A  
Improvement Area B of CFD No. 2002-4  
Fiscal Year 2012-13 Estimated Property Tax Bill**

Assessed Valuations and Property Taxes	Single Family Detached - Special Tax Class 2 (2,718 Sq Ft)	Single Family Detached - Special Tax Class 3 (2,849 Sq Ft)	Single Family Detached - Special Tax Class 4 (3,100 Sq Ft)	Single Family Detached - Special Tax Class 5 (3,404 Sq Ft)	
Assessed Value <sup>[1]</sup>	\$266,000	\$270,000	\$314,000	\$355,969	
Homeowner's Exemption	-\$7,000	\$0	\$0	\$0	
Net Assessed Value <sup>[2]</sup>	\$259,000	\$270,000	\$314,000	\$355,969	
<b>Ad Valorem Property Taxes</b>	<b>Percent of Total AV</b>				
General Purposes	1.0000%	\$2,590.00	\$2,700.00	\$3,140.00	\$3,559.69
MVUSD General Obligation Bonds	0.1224%	\$316.96	\$330.42	\$384.27	\$435.64
Metropolitan Water District of Southern California Debt Service	0.0035%	\$9.06	\$9.44	\$10.99	\$12.45
		\$2,916.02	\$3,039.86	\$3,535.26	\$4,007.78
<b>Assessments, Special Taxes and Parcel Charges<sup>[3]</sup></b>					
Riverside County Flood Control NPDES (Santa Margarita)		\$4.00	\$4.02	\$4.00	\$4.00
County of Riverside CSA No. 103 (Street Lights)		\$52.18	\$52.18	\$52.18	\$52.18
County of Riverside CSA No. 152 (Street Sweeping)		\$44.14	\$44.14	\$44.14	\$44.14
IA B of CFD No. 2002-4		\$1,768.66	\$1,882.68	\$1,996.68	\$2,110.68
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)		\$5.54	\$5.54	\$5.54	\$5.54
Valley Wide Park and Recreation District LMD (French Valley)		\$382.84	\$382.84	\$382.84	\$382.84
Metropolitan Water District of Southern California Standby Charge (East)		\$6.94	\$6.94	\$6.94	\$6.94
Eastern Municipal Water District Combined Standby Charge		\$40.00	\$40.00	\$40.00	\$40.00
		\$2,304.30	\$2,418.34	\$2,532.32	\$2,646.32
<b>Total Property Taxes<sup>[4]</sup></b>		\$5,220.32	\$5,458.20	\$6,067.58	\$6,654.10
Total Effective Tax Rate		1.96%	2.02%	1.93%	1.87%

[1] Median Fiscal Year 2012-13 assessed valuation for each Special Tax Class within Improvement Area B of CFD No. 2002-4 I.  
 [2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exception. Not all residences qualify for the exemption.  
 [3] All charges and special assessments are based on a lot size of less than one acre.  
 [4] Totals may not sum due to rounding.  
 Source: Dolinka Group, LLC.

**Table 8B**  
**CFD No. 2003-3**  
**Fiscal Year 2012-13 Estimated Property Tax Bill**

Assessed Valuations and Property Taxes		Single Family Detached - Special Tax Class 1 (1,920 Sq Ft)	Single Family Detached - Special Tax Class 3 (2,053 Sq Ft)
Assessed Value <sup>[1]</sup>		\$215,000	\$223,000
Homeowner's Exemption		\$0	\$0
Net Assessed Value <sup>[2]</sup>		\$215,000	\$223,000
<b>Ad Valorem Property Taxes</b>	<b>Percent of Total AV</b>		
General Purposes	1.0000%	\$2,150.00	\$2,230.00
MVUSD General Obligation Bonds	0.1224%	\$263.11	\$272.90
Metropolitan Water District of Southern California Debt Service	0.0035%	\$7.52	\$7.80
Eastern Municipal Water District ID No. 22 Debt Service	0.0030%	\$6.45	\$6.70
Eastern Municipal Water District ID No. 23 Debt Service	0.0140%	\$30.10	\$31.22
		\$2,457.18	\$2,548.62
<b>Assessments, Special Taxes and Parcel Charges<sup>[3]</sup></b>			
Riverside County Flood Control NPDES (Santa Margarita)		\$2.64	\$3.36
County of Riverside CSA No. 152 (Storm water)		\$10.00	\$10.00
CFD No. 2003-3		\$1,399.16	\$1,454.16
Murrieta Community Services District		\$45.44	\$45.44
Murrieta Parks & Recreation		\$45.00	\$45.00
Murrieta Fire Protection District		\$40.00	\$40.00
Eastern Municipal Water District Combined Standby Charge		\$20.00	\$20.00
		\$1,562.24	\$1,617.96
<b>Total Property Taxes<sup>[4]</sup></b>		\$4,019.42	\$4,166.57
Total Effective Tax Rate		1.87%	1.87%

[1] Median Fiscal Year 2012-13 assessed valuation for each Special Tax Class within CFD No. 2003-3

[2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption. Not all residences qualify for the exemption.

[3] All charges and special assessments are based on a lot size of less than one acre.

[4] Totals may not sum due to rounding.

Source: Dolinka Group, LLC.



**Table 8C**  
**CFD No. 2004-1**  
**Fiscal Year 2012-13 Estimated Property Tax Bill**

<b>Assessed Valuations and Property Taxes</b>	<b>Single Family Detached - Special Tax Class 1 (2,154 Sq Ft)</b>	<b>Single Family Detached - Special Tax Class 2 (2,720 Sq Ft)</b>	<b>Single Family Detached - Special Tax Class 3 (3,155 Sq Ft)</b>	<b>Single Family Detached - Special Tax Class 4 (3,233 Sq Ft)</b>	<b>Single Family Detached - Special Tax Class 5 (3,684 Sq Ft)</b>	
Assessed Value <sup>[1]</sup>	\$256,000	\$295,000	\$283,000	\$278,000	\$343,000	
Homeowner's Exemption	\$0	\$0	-\$7,000	\$0	-\$7,000	
<b>Net Assessed Value<sup>[2]</sup></b>	<b>\$256,000</b>	<b>\$295,000</b>	<b>\$276,000</b>	<b>\$278,000</b>	<b>\$336,000</b>	
<b>Ad Valorem Property Taxes</b>						
	<b>Percent of Total AV</b>					
General Purposes	1.0000%	\$2,560.00	\$2,950.00	\$2,760.00	\$2,780.00	\$3,360.00
MVUSD General Obligation Bonds	0.1224%	\$313.28	\$361.02	\$337.76	\$340.21	\$411.18
Metropolitan Water District of Southern California Debt Service	0.0035%	\$8.96	\$10.32	\$9.66	\$9.73	\$11.76
Eastern Municipal Water District ID No. 22 Debt Service	0.0030%	\$7.68	\$8.84	\$8.28	\$8.34	\$10.08
Eastern Municipal Water District ID No. 23 Debt Service	0.0140%	\$35.84	\$41.30	\$38.64	\$38.92	\$47.04
		<b>\$2,925.76</b>	<b>\$3,371.48</b>	<b>\$3,154.34</b>	<b>\$3,177.20</b>	<b>\$3,840.06</b>
<b>Assessments, Special Taxes and Parcel Charges<sup>[3]</sup></b>						
Riverside County Flood Control NPDES (Santa Margarita)		\$3.60	\$3.12	\$4.04	\$3.12	\$3.84
County of Riverside CSA No. 152 (Storm water)		\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
MVUSD CFD No. 2004-1		\$2,004.96	\$2,033.70	\$2,189.00	\$2,240.78	\$2,384.56
Murrieta Community Services District		\$45.44	\$45.44	\$45.44	\$45.44	\$45.44
Murrieta Parks & Recreation		\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
Murrieta Fire Protection District		\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
City of Murrieta & Landscape and Lighting District No. 22		\$50.30	\$50.30	\$50.30	\$50.30	\$50.30
Metropolitan Water District of Southern California Standby Charge (East)		\$6.94	\$6.94	\$6.94	\$6.94	\$6.94
Eastern Municipal Water District Combined Standby Charge		\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
		<b>\$2,246.24</b>	<b>\$2,274.50</b>	<b>\$2,430.72</b>	<b>\$2,481.58</b>	<b>\$2,626.08</b>
<b>Total Property Taxes<sup>[4]</sup></b>		<b>\$5,172.00</b>	<b>\$5,645.98</b>	<b>\$5,585.06</b>	<b>\$5,658.78</b>	<b>\$6,466.14</b>
Total Effective Tax Rate		2.02%	1.91%	1.97%	2.04%	1.89%

[1] Median Fiscal Year 2012-13 assessed valuation for each Special Tax Class within CFD No. 2004-1

[2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption. Not all residences qualify for the exemption.

[3] All charges and special assessments are based on a lot size of less than one acre.

[4] Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

## **THE AUTHORITY**

The Authority is a joint exercise of powers authority organized and existing under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority was created by a Joint Exercise of Powers Agreement, dated as of July 1, 2004, between the School District and Community Facilities District No. 90-1 of the Murrieta Valley Unified School District, which are the sole members of the Authority.

The Authority was created for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements. The Authority has no taxing power.

The Authority is governed by a five-member board whose members are the same as those seated on the Trustees of the School District. The Authority has no employees and all staff work is done by School District staff or consultants.

## BOND OWNERS' RISKS

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

### Limited Obligation to Pay Debt Service

**The Bonds.** The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and funds pledged therefor in the Indenture, consisting primarily of debt service on the Special Tax Bonds. See "SECURITY FOR THE BONDS."

**The Special Tax Bonds.** The School District has no obligation to pay principal of or interest on the Special Tax Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, derived from the foreclosure and sale of parcels for Special Tax delinquencies. The School District is not obligated to advance funds to pay debt service on the Special Tax Bonds.

### Levy and Collection of the Special Taxes

**General.** The principal source of payment of principal of and interest on the Special Tax Bonds is the proceeds of the annual levy and collection of the Special Tax against property within each respective Community Facilities District (and, with respect to CFD No. 2002-4, within its Improvement Area B).

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

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

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

**Transfers to Governmental Entities.** The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity (by exercise of its rights as mortgage guarantor, or for other reasons) and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

**Property Tax Delinquencies.** Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Taxes. For a summary of Special Tax collections in each Community Facilities District, see “THE COMMUNITY FACILITIES DISTRICT.”

**Delays Following Delinquencies and Foreclosure Sales.** Each Fiscal Agent Agreement provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “THE SPECIAL TAX BONDS” and in the Mello-Roos Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to the Authority, as owner of the Special Tax Bonds, pending such sales or the prosecution of foreclosure proceedings and receipt of the proceeds of sale. See “THE SPECIAL TAX BONDS.”

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

Property Owners are not personally obligated to pay their respective Special Taxes. Rather, the Special Taxes are obligations only against the respective parcels against which they are levied. If, after a default in the payment of the Special Tax and a foreclosure sale, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the parcel, the School District has no personal recourse against the parcel owner.

### **Assessed Valuations**

The Authority has not commissioned an appraisal of the parcels in the Community Facilities Districts in connection with the issuance of the Bonds. The estimated valuation of the Taxable Property provided in this Official Statement is based only on the County Assessor’s values.

No assurance can be given that any of the Taxable Property in the District could be sold for the assessed value if it should become delinquent and subject to foreclosure proceedings.

Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. Moreover, as a result of declines in the market value of properties in recent years, assessed valuations of many properties in the County have declined.

Consequently, there can be no assurance that the assessed value of property within the Community Facilities Districts accurately reflects the property's market value. The future fair market value of the property may be different from its current assessed value.

## **Property Values**

The value of Taxable Property within each Community Facilities District is a critical factor in determining the investment quality of the Bonds. If a parcel owner defaults in the payment of the Special Taxes, the School District's only remedy is to foreclose on the delinquent property.

The following is a discussion of specific risk factors that could affect the value of property in each Community Facilities District.

***Prolonged Economic Downturn.*** Land values in and around the City have been adversely affected by current economic conditions. To the extent that the economic downturn is prolonged, property values could remain flat for an indefinite period.

Declines in home values in the Community Facilities Districts could also result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings.

***Risks Related to Mortgage Loans.*** Although residential projects that have their homes built and occupied by homeowners are typically viewed as providing bondholders with strong credits, some of the recent home purchasers, especially those during 2004 to 2007, may face challenges in making their mortgage and tax payments on a timely basis, due to their initial high loan to value ratios, creative mortgage loan structures, and current negative equity levels.

Recent events in the United States and world-wide capital markets have adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the Community Facilities Districts. Any such unavailability could hinder the ability of the current homeowners to resell their homes, and adversely affect the market prices available to current homeowners.

***Natural Disasters.*** The value of the Taxable Property in the Community Facilities Districts can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements, and private improvements and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the Community Facilities Districts, like those in much of California, may be subject to unpredictable seismic activity.

Other natural disasters could include, without limitation, landslides, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels in the Community Facilities Districts may well depreciate or disappear.

**Hazardous Substances.** One of the most serious risks in terms of the potential reduction in the property values is a claim with regard to a hazardous substance. In general, the owners and operators of property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property in the Community Facilities Districts be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Although the School District is not aware that the owner or operator of any of the Taxable Property in the Community Facilities Districts has such a current liability, it is possible that such liabilities do currently exist. Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the property values that would otherwise be realized upon a delinquency.

*No information is available as to the existence of any hazardous substances within the Community Facilities Districts.*

**Other Factors.** Other factors that could adversely affect property values in the Community Facilities Districts include, among others, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, and destruction of property caused by man-made disasters.

### **Other Possible Claims Upon the Property Values**

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

A table listing of the outstanding governmental obligations affecting each Community Facilities District is set forth above under "THE COMMUNITY FACILITIES DISTRICT."

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

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought to foreclose a delinquency, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

### **Future Property Development**

Continuing development of the undeveloped parcels in the Community Facilities Districts may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in the Community Facilities Districts may also be affected by development in surrounding areas, which may compete with the Community Facilities Districts. Additional approvals, such as final subdivision maps and the construction of various infrastructure improvements, are required before development can proceed on the undeveloped parcels in the Community Facilities Districts.

### **Enforcement of Special Taxes on Governmentally Owned Properties**

**General.** The ability of the School District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

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.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the Community Facilities Districts, 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 School 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. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“**FNMA**”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

Neither the School District nor the Authority has undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the Community Facilities Districts. No assurance can be given as to the likelihood that the risks described above will materialize while the Special Tax Bonds are outstanding.

**FDIC.** If any financial institution making any loan secured by real property within the Community Facilities Districts is taken over by the FDIC, and prior thereto or thereafter the loan (or loans) goes into default, resulting in ownership of the property by the FDIC, then the ability of the School District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special taxes and assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula, which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The Authority and the School District are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the Community Facilities Districts in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale.

**Exemptions Under Rate and Method and the Mello-Roos Act.** Certain properties are exempt from the Special Tax in accordance with each Rate and Method and the Mello-Roos Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Taxes; provided, however, that property within the Community Facilities Districts acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Taxes, will continue to be subject to the Special Taxes.



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

### **Depletion of Reserve Fund**

The Authority will establish and maintain a Reserve Fund for the Bonds that may be used to pay principal of and interest on the Bonds if insufficient funds are available from the debt service payments on the Special Tax Bonds. See "SECURITY FOR THE BONDS – Reserve Fund."

If funds in the Reserve Fund are depleted, 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 to the Authority under the Fiscal Agent Agreements, which the Community Facilities Districts have agreed to transfer to the Trustee. See "THE SPECIAL TAX BONDS – Deposit and Application of Special Taxes."

However, no replenishment from the proceeds of a Special Tax levy can occur so long as the proceeds that are collected from the levy of the Special Taxes against property within the Community Facilities Districts at the maximum Special Tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Taxes.

### **Bankruptcy Delays**

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

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 Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Special Tax Bonds.

### **Disclosure to Future Purchasers**

The School District has recorded, in the Office of the County Recorder, a notice of the Special Tax lien with respect to each Community Facilities District. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a

prospective purchaser or lender will consider the obligations represented by the Special Taxes in the purchase of a parcel of land or a home in the Community Facilities District, or the lending of money secured by property in the Community Facilities District.

### **No Acceleration**

Neither the Bonds nor the Special Tax Bonds contain a provision allowing for acceleration if a payment default or other default occurs under the Indenture or the Fiscal Agent Agreements.

### **Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the Bonds might become includable in 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 Authority in violation of its covenants in the Indenture, or of the Community Facilities Districts in violation of their covenants in the Fiscal Agent Agreements.

The Indenture does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption. See “THE BONDS – Redemption.”

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation.

### **IRS Audit of Tax-Exempt Bond Issues**

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

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

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

For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of certain specified thresholds.

The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

## **Voter Initiatives**

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

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

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

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

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

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

## **Secondary Market for Bonds**

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

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

## **LEGAL MATTERS**

### **Legal Opinions**

The legal opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX G. A copy of the legal opinion will be attached to each Bond.

Jones Hall, A Professional Law Corporation, San Francisco, California, will pass upon certain legal matters for the Community Facilities District as disclosure counsel. Rutan & Tucker LLP, Costa Mesa, California, will pass upon certain legal matters for the Community Facilities District as special counsel to the School District. Nossaman LLP, Irvine, California, is serving as counsel to the Underwriter.

### **Tax Exemption**

In the opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Community Facilities District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Community Facilities District has covenanted in the Fiscal Agent Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

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

### **No Litigation**

The Authority and the School District will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Special Tax Bonds and that no action, suit or proceeding is known by the Authority or the School District to be pending that would restrain or enjoin the delivery of the Bonds or the Special Tax Bonds, or contest or affect the validity of the Bonds or the Special Tax Bonds, or any proceedings of the Authority or the School District taken with respect to the Bonds or the Special Tax Bonds.

## CONTINUING DISCLOSURE

The School District, on behalf of itself and the Authority, will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Community Facilities Districts (the “**Annual Report**”) by not later than six and one-half months following the end of the School District’s fiscal year (currently January 15 based on the School District’s fiscal year ending June 30), commencing January 15, 2014, with the report for the fiscal year ending June 30, 2013, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX F.

Neither the School District nor the Authority has ever failed to comply in all material respects with previous undertakings under the Rule.

## NO RATING

The Authority has not made, and does not contemplate making, any application to a rating agency for a rating on the Bonds. No such rating should be assumed from any credit rating that the Authority or the School District may obtain for other purposes. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment.

## UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. (the “Underwriter”) at a purchase price of \$11,229,058.35 (which represents the aggregate principal amount of the Bonds (\$11,170,000.00), plus a net original issue premium of \$170,758.35, and less an Underwriter's discount of \$111,700.00).

The 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 such purchase agreement.

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



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## APPENDIX A

### GENERAL INFORMATION ABOUT THE CITY OF MURRIETA AND RIVERSIDE COUNTY

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

#### **General Description and Background of the City of Murrieta**

Incorporated on July 1, 1991, the City of Murrieta (the “**City**”) now functions under a Council/Manager form of Government. A five member City Council, including the Mayor, is elected at large. The City Manager is appointed by the City Council.

#### **History and Location of Riverside County**

Riverside County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

## Population

According to the State Department of Finance, Demographic Research Unit, Riverside County's population was estimated at 2,227,577 as of January 1, 2012. The largest cities in Riverside County are the cities of Riverside, Moreno Valley, Corona, Murrieta, Temecula, Hemet, Menifee, Indio, and Perris. The areas of most rapid population growth continue to be those more populated and industrialized cities in the western and central regions of Riverside County and the southwestern unincorporated region of Riverside County between Sun City and Temecula.

The following sets forth the City, the County and the State population estimates as of January 1 for the years 2008 through 2012:

### CITY OF MURRIETA, RIVERSIDE COUNTY AND STATE OF CALIFORNIA Estimated Population

Year (January 1)	City of Murrieta	Riverside County	State of California
2008	100,476	2,102,741	36,704,375
2009	101,998	2,140,626	36,966,713
2010	103,066	2,179,692	37,223,900
2011	104,051	2,205,731	37,427,946
2012	104,985	2,227,577	37,678,563

*Source: State of California Department of Finance, Demographic Research Unit.*

## Commerce

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2011 in the City were reported to be \$463,452,000, a 6.0% increase over the total taxable sales of \$437,231,000 reported during the first two quarters of calendar year 2010. Annual figures for calendar year 2011 are not yet available.

### CITY OF MURRIETA Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	1,015	983,256	1,842	1,120,712
2007	1,049	956,992	2,024	1,098,431
2008	1,057	834,618	2,034	972,575
2009 <sup>(1)</sup>	1,276	747,358	1,893	874,619
2010 <sup>(1)</sup>	1,355	782,940	2,014	903,640

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

*Source: State Board of Equalization.*

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2011 in the County were reported to be \$12,547,031,000, a 10.91% increase over the total taxable sales of \$11,313,215,000 reported during the first two quarters of calendar year 2010. Annual figures for calendar year 2011 are not yet available.

**COUNTY OF RIVERSIDE**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	23,322	21,842,345	43,672	29,816,237
2007	22,918	21,242,516	45,279	29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009 <sup>(1)</sup>	29,829	16,057,488	42,765	22,227,877
2010 <sup>(1)</sup>	32,534	16,919,500	45,688	23,152,780

(1) Not comparable to prior years. "Retail" category now includes "Food Services."  
Source: State Board of Equalization.

**Major Employers**

The following table lists the largest employers in the City.

**CITY OF MURRIETA**  
**Major Employers**  
**(As of June 30, 2010)**

<b>Employer Name</b>	<b>Product/Service</b>	<b>Employment</b>
Murrieta Valley Unified School District	Public School	1,815
Southwest Healthcare System	Hospital	1,500
Loma Linda Univ. Medical Center	Hospital	550
LLUMCM Professional Office Building	Office Building	500
Target	Department Store	351
Walmart	Department Store	340
City of Murrieta	Municipal Services	335
U.S. Border Patrol	Law Enforcement Agency	250
Oak Grove Institute	Treatment Center	245
Sam's Club	Discount Wholesaler	195

Source: City of Murrieta Comprehensive Annual Financial Report (CAFR), June 30, 2011

The following table lists the largest employers within the County:

**COUNTY OF RIVERSIDE  
Major Employers  
(As of January 2013)**

<b><u>Employer Name</u></b>	<b><u>Location</u></b>	<b><u>Industry</u></b>
Abbott Vascular Inc.	Temecula	Physicians & Surgeons Equip & Supls-Whls
Agua Caliente Casino Resort	Rancho Mirage	Hotels & Motels
Corona City Hall	Corona	City Government-Executive Offices
Corona General Information	Corona	Fire Departments
Corrections Dept.	Norco	State Govt-Correctional Institutions
Desert Regional Med.	Palm Springs	Hospitals
Eisenhower Medical Center MD	Rancho Mirage	Orthopedic Surgeons
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Center	Hemet	Hospitals
Hotel At Fantasy Springs	Indio	Casinos
Hub International Ins. Svc. CA	Riverside	Insurance
Inland Valley Medical Center	Wildomar	Hospitals
J W Marriott-Desert Springs Resort	Palm Desert	Hotels & Motels
Kaiser Permanente	Riverside	Hospitals
La Quinta Golf Course	La Quinta	Golf Courses
La Quinta Resort & Club	La Quinta	Hotels & Motels
Morongo Casino Resort & Spa	Cabazon	Casinos
Morongo Tribal Gaming Ent.	Banning	Business Management Consultants
Pechanga Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside County Regional Med.	Moreno Valley	Hospitals
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	Gift Shops
Sun World Intl. LLC	Coachella	Fruits & Vegetables-Growers & Shippers
Universal Protection Svc.	Palm Desert	Security Guard & Patrol Service

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2013 1st Edition.

## Employment and Industry

The following table shows the average annual estimated numbers of wage and salary workers by industry. Does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

### COUNTY OF RIVERSIDE Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2007	2008	2009	2010	2011
Civilian Labor Force <sup>(1)</sup>	903,400	912,700	916,500	937,500	938,400
Employment	848,900	835,000	793,900	801,600	810,600
Unemployment	54,500	77,700	122,600	135,900	127,800
Unemployment Rate	6.0%	8.5%	13.4%	14.5%	13.6%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	13,000	13,100	12,400	12,400	12,800
Natural Resources and Mining	700	500	500	400	400
Construction	68,900	54,700	40,400	35,400	34,300
Manufacturing	54,400	48,400	39,000	37,900	39,000
Wholesale Trade	21,100	20,400	18,700	19,100	19,900
Retail Trade	88,000	84,900	78,800	78,500	79,400
Transportation, Warehousing and Utilities	20,900	21,200	19,700	19,400	20,300
Information	7,800	7,700	8,500	10,200	9,600
Finance and Insurance	13,500	12,400	11,800	11,100	10,900
Real Estate and Rental and Leasing	9,500	9,900	8,900	8,200	7,400
Professional and Business Services	63,000	58,000	53,600	50,300	52,700
Educational and Health Services	56,900	58,100	57,900	58,000	61,600
Leisure and Hospitality	73,700	72,800	68,700	67,700	69,300
Other Services	20,100	19,400	18,100	18,300	19,000
Federal Government	6,400	6,600	6,900	7,600	7,000
State Government	15,400	15,700	15,800	15,900	16,300
Local Government	87,100	88,300	86,600	85,600	88,900
Total All Industries <sup>(2)</sup>	620,200	592,000	546,300	536,000	548,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *State of California Employment Development Department.*

## Construction Activity

The following is a five year summary of the valuation of building permits issued in the City and in the County.

### CITY OF MURRIETA Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Permit Valuation</u>					
New Single-family	\$35,716.5	\$5,627.1	\$9,379.6	\$11,193.9	\$23,236.7
New Multi-family	9,120.0	2,009.9	5,359.8	4,344.8	3,400.0
Res. Alterations/Additions	<u>1,884.3</u>	<u>2,384.5</u>	<u>837.4</u>	<u>1,801.5</u>	<u>8,553.3</u>
Total Residential	\$46,720.8	\$10,021.5	\$15,576.7	\$17,340.2	\$35,190.0
New Commercial	\$16,107.6	\$23,642.0	\$2,675.0	\$22,640.0	5,840.0
New Industrial	5,614.8	3,600.0	0.0	0.0	0.0
New Other	10,359.8	4,363.3	5,733.3	3,474.6	3,625.0
Com. Alterations/Additions	<u>11,608.9</u>	<u>9,882.4</u>	<u>7,269.0</u>	<u>8,134.6</u>	<u>17,243.3</u>
Total Nonresidential	\$43,691.0	\$41,487.7	\$15,677.3	\$34,249.2	\$20,868.3
 <u>New Dwelling Units</u>					
Single Family	93	15	42	40	70
Multiple Family	<u>90</u>	<u>9</u>	<u>24</u>	<u>24</u>	<u>40</u>
TOTAL	183	24	66	64	110

Source: Construction Industry Research Board, Building Permit Summary.

### COUNTY OF RIVERSIDE Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Permit Valuation</u>					
New Single-family	\$2,207,519.5	\$1,214,753.0	\$892,790.0	\$914,057.4	\$647,070.8
New Multi-family	238,315.9	243,741.9	75,756.1	71,151.9	113,170.4
Res. Alterations/Additions	<u>141,997.0</u>	<u>118,488.7</u>	<u>85,148.0</u>	<u>94,427.5</u>	<u>188,468.9</u>
Total Residential	\$2,587,832.4	\$1,576,983.5	\$1,053,694.1	\$1,079,636.8	\$948,710.1
New Commercial	\$682,331.0	\$539,943.4	\$94,651.4	\$191,323.7	166,714.4
New Industrial	184,505.6	70,410.8	12,277.6	6,685.5	10,000.0
New Other	240,767.0	138,765.2	107,332.1	98,104.6	16,576.8
Com. Alterations/Additions	<u>350,539.1</u>	<u>292,693.8</u>	<u>162,557.5</u>	<u>243,265.5</u>	<u>297,356.4</u>
Total Nonresidential	\$1,458,142.7	\$1,041,813.1	\$376,818.7	\$539,379.4	\$323,933.2
 <u>New Dwelling Units</u>					
Single Family	9,763	3,815	3,431	4,031	2,659
Multiple Family	<u>2,690</u>	<u>2,104</u>	<u>759</u>	<u>526</u>	<u>1,061</u>
TOTAL	12,453	5,919	4,190	4,557	3,720

Source: Construction Industry Research Board, Building Permit Summary.

## Effective Buying Income

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

### COUNTY OF RIVERSIDE Effective Buying Income For Calendar Years 2007 through 2011

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2007	Riverside County	\$ 38,631,365	\$45,310
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	Riverside County	\$ 40,935,408	\$46,958
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Riverside County	\$ 41,337,770	\$47,080
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Riverside County	\$ 38,492,225	\$44,253
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Riverside County	\$ 39,981,683	\$44,116
	California	814,578,458	47,062
	United States	6,438,704,664	41,253

*Source: The Nielsen Company (US), Inc.*

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**APPENDIX B**

**RATE AND METHOD OF APPORTIONMENT FOR  
EACH COMMUNITY FACILITIES DISTRICT**

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**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA B OF  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
OF MURRIETA VALLEY UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Murrieta Valley Unified School District ("School District") in Improvement Area ("IA") B of Community Facilities District ("CFD") No. 2002-4. An Annual Special Tax shall be levied on and collected in IA B of CFD No. 2002-4 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in IA B of CFD No. 2002-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or as calculated from the applicable Assessor's Parcel Map by the Board.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of IA B of CFD No. 2002-4 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of IA B of CFD No. 2002-4, and costs otherwise incurred in order to carry out the authorized purposes of IA B of CFD No. 2002-4.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of IA B of CFD No. 2002-4.

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

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

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

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

**"Board"** means the Board of Education of Murrieta Valley Unified School District or its designee as the legislative body of IA B of CFD No. 2002-4.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by IA B of CFD No. 2002-4 or the School District.

**"Building Permit"** means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

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

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

**"County"** means the County of Riverside

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

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

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

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

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

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C, that can be levied by IA B of CFD No. 2002-4 in any Fiscal Year on any Assessor's Parcel.

**"Minimum Annual Special Tax Requirement"** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of IA B of CFD No. 2002-4, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds

established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

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

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

**"Special Tax"** means any of the special taxes authorized to be levied by IA B of CFD No. 2002-4 pursuant to the Act.

**"Taxable Property"** means all Assessor's Parcels which are not Exempt Property.

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

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

## **SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2002-03, each Assessor's Parcel within IA B of CFD No. 2002-4 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax for each Assessor’s Parcel of Developed Property in any Fiscal Year shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,600 BSF	\$1,540.66 per Unit
2,600 – 2,800 BSF	\$1,768.67 per Unit
2,801 – 3,000 BSF	\$1,882.68 per Unit
3,001 – 3,200 BSF	\$1,996.69 per Unit
>3,200 BSF	\$2,110.69 per Unit

**2. Undeveloped Property**

Each Fiscal Year, each Assessor’s Parcel of Undeveloped Property shall be subject to an Assigned Annual Special Tax. The Assigned Annual Special Tax rate for an Assessor’s Parcel classified as Undeveloped Property in any Fiscal Year shall be \$10,219.81 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

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

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

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

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

#### **SECTION F METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2002-03 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

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

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

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

#### **SECTION G PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section G.2. below, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

**1. Prepayment Times and Conditions**

**a. Undeveloped Property**

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full, as calculated in Section G.2. below. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

**b. Developed Property**

In any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2. below.

**2. Prepayment Amount**

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

**a. Prior to Issuance of Bonds**

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

**TABLE 2**

<b><i>PREPAYMENT AMOUNT</i></b>	
<b>Building Square Feet</b>	<b>Prepayment Amount</b>
< 2,600 BSF	\$13,197.11 per Unit
2,600 – 2,800 BSF	\$13,966.49 per Unit
2,801 – 3,000 BSF	\$14,351.18 per Unit
3,001 – 3,200 BSF	\$14,735.87 per Unit
>3,200 BSF	\$15,120.56 per Unit

**b. Subsequent to Issuance of Bonds**

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):



	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, 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 requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of IA B of CFD No. 2002-4 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

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

## **SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section H.2. below, may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of IA B of CFD No. 2002-4 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease.

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

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-five (35) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 44.39 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 44.39 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 44.39 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of IA B of CFD No. 2002-4 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L**  
**MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA B of CFD No. 2002-4 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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# **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2003-3 OF MURRIETA VALLEY UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Murrieta Valley Unified School District ("School District") in Community Facilities District ("CFD") No. 2003-3. An Annual Special Tax shall be levied on and collected in CFD No. 2003-3 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2003-3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

## **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2003-3 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2003-3, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2003-3.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2003-3.

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

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

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

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

**"Board"** means the Board of Education of Murrieta Valley Unified School District or its designee as the legislative body of CFD No. 2003-3.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2003-3 or the School District.

**"Building Permit"** means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

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

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

**"County"** means the County of Riverside.

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

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

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

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

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

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2003-3 in any Fiscal Year on any Assessor's Parcel.

**"Minimum Annual Special Tax Requirement"** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2003-3, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with

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

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

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

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

**"Special Tax"** means any of the special taxes authorized to be levied by CFD No. 2003-3 pursuant to the Act.

**"Taxable Property"** means all Assessor's Parcels which are not Exempt Property.

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

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

## **SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2003-04, each Assessor's Parcel within CFD No. 2003-3 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.



**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
≤ 1,950 BSF	\$1,399.17 per Unit
1,950 – 2,050 BSF	\$1,435.84 per Unit
> 2,050 BSF	\$1,454.17 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$14,585.35 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

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

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

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

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

#### **SECTION F METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2003-04 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

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

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

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

#### **SECTION G PREPAYMENT OF ANNUAL SPECIAL TAXES**

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

**1. Prepayment Times and Conditions**

**a. Undeveloped Property**

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

**b. Developed Property**

In any Fiscal Year, following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2.

**2. Prepayment Amount**

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

**a. Prior to Issuance of Bonds**

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

**TABLE 2**

<i>PREPAYMENT AMOUNT</i>	
<b>Building Square Feet</b>	<b>Prepayment Amount</b>
≤ 1,950 BSF	\$11,025.25 per Unit
1,950 – 2,050 BSF	\$11,525.88 per Unit
> 2,050 BSF	\$11,885.66 per Unit

**b. Subsequent to Issuance of Bonds**

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, 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 requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2003-3 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

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

## **SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

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

### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2003-3 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax for the Assessor's Parcels have been reduced by an amount equal to the percentage which was partially prepaid.

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

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-five (35) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 13.77 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 13.77 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 13.77 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2003-3 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L**  
**MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2003-3 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2004-1  
OF MURRIETA VALLEY UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Murrieta Valley Unified School District ("School District") in Community Facilities District ("CFD") No. 2004-1. An Annual Special Tax shall be levied on and collected in CFD No. 2004-1 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2004-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2004-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2004-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-1.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2004-1.

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

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

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

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

**"Board"** means the Board of Education of Murrieta Valley Unified School District or its designee as the legislative body of CFD No. 2004-1.

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

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2004-1 or the School District.

**"Building Permit"** means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2004-1. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

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

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

**"City"** means the City of Murrieta.

**"County"** means the County of Riverside, State of California.

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

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

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

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

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

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessor's Parcel.

**"Minimum Annual Special Tax Requirement"** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2004-1, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

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

**"Prepayment Administrative Fees"** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**"Present Value of Taxes"** means the present value of any Special Tax applicable to such Assessor's Parcel in the current Fiscal Year not yet received by the District for CFD No. 2004-1, plus the expected Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) the most recently published Bond Index prior to Bond issuance.

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

**"Reserve Fund Credit"** means, for each owner of an Assessor's Parcel wishing to prepay the Annual Special Tax obligation of such Assessor's Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**"Special Tax"** means any of the special taxes authorized to be levied by CFD No. 2004-1 pursuant to the Act.

**"Taxable Property"** means all Assessor's Parcels which are not Exempt Property.

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

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

**"Yield On The Bonds"** means the arbitrage yield for the last series of Bonds issued.

**SECTION B  
CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor's Parcel within CFD No. 2004-1 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor's Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit as listed on the Building Permit(s) issued for each Assessor's Parcel.

**SECTION C  
MAXIMUM SPECIAL TAXES**

**1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

**2. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,600 BSF	\$2,004.96 per Unit
2,600 – 2,900 BSF	\$2,033.70 per Unit
2,901 – 3,200 BSF	\$2,189.00 per Unit
3,201 – 3,500 BSF	\$2,240.78 per Unit
>3,500 BSF	\$2,384.56 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$13,746.26 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

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

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

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

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

**SECTION F  
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

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

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

## **SECTION G PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2004-1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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

**SECTION H**  
**PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

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

**1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

**2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

**3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-1 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax for the Assessor's Parcels have been reduced by an amount equal to the percentage which was partially prepaid.

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

**SECTION I  
TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-five (35) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2045-46.

**SECTION J  
EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 16.62 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 16.62 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 16.62 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**SECTION K  
CLAIMS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2004-1 ("Representative") shall promptly review the claim, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the claim. The decisions of the Representative(s) shall be final and binding. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decisions shall indicate.



**SECTION L**  
**MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2004-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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## APPENDIX C

### SUMMARY OF INDENTURE

The following is a brief summary of certain provisions of the Authority Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to said documents.

### SUMMARY OF AUTHORITY INDENTURE

#### DEFINITIONS

Unless the context otherwise requires, the terms defined in this Summary shall for all purposes of the Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“**Act**” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“**Administrative Expenses**” means the fees and expenses of the Trustee, including legal fees and expenses, and the out-of-pocket expenses of the Authority, incurred in carrying out their duties hereunder, including but not limited to the costs of all consultants and attorneys retained by or on behalf of the Authority to comply with any state or federal information reporting and disclosure requirements, and to maintain any ratings and any credit enhancement related to the Bonds.

“**Administrator**” means the Assistant Superintendent, Facilities/Operations of the Murrieta Valley Unified School District or other officer of the Murrieta Valley Unified School District as the Board of Education of Murrieta Valley Unified School District may designate.

“**Agreement**” means that certain Joint Exercise of Powers Agreement, dated as of July 1, 2004 by and between MVUSD and CFD No. 90-1, together with any amendments thereof and supplements thereto.

“**Annual Debt Service**” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

“**Authority**” means the Murrieta Valley Unified School District Public Financing Authority, a joint powers authority duly organized and existing under the Agreement and under and by virtue of the laws of the State.

“**Beneficial Owners**” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“**Board**” means the Board of Directors of the Authority.

“**Bond Counsel**” means any attorney at law or firm of attorneys selected by the Authority, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“**Bond Law**” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“**Bond Register**” means the registration books for the Bonds maintained by the Trustee in accordance with Section 2.08 hereof.

“**Bonds**” means the Bonds authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“**Bond Year**” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 1, 2013, both dates inclusive.

“**Business Day**” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York and Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“**Certificate of the Authority**” means a certificate in writing signed by the Chairman or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Chairman for that purpose.

“**CFD No. 2002-4**” means Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District, Improvement Area B.

“**CFD No. 2003-3**” means Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District.

“**CFD No. 2004-1**” means Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District.

“**Closing Date**” means the date upon which there is a physical delivery of the Bonds in exchange for the purchase price therefor.

“**Continuing Disclosure Certificate**” shall mean that certain Continuing Disclosure Certificate executed by the Authority and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

**“Costs of Issuance”** means the costs and expenses incurred in connection with the formation of the Authority and the issuance and sale of the Bonds and the acquisition of the Local Obligations, including the acceptance and initial annual fees and expenses of the Trustee and Escrow Agent and their counsel, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, and other fees and expenses set forth in a Request of the Authority.

**“Costs of Issuance Fund”** shall mean the fund by that name established in Section 3.04.

**“District”** or **“Obligor”** means each of those community facilities districts listed on Exhibit B hereto and incorporated by reference herein.

**“District Fiscal Agent Agreement”** or **“District Fiscal Agent Agreements”** means the Fiscal Agent Agreements by and between each of the Districts and Zions First National Bank, as Fiscal Agent.

**“DTC”** means The Depository Trust Company, New York, New York, and its successors and assigns.

**“DTC Participants”** means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

**“Event of Default”** means any of the events described in the Indenture.

**“Federal Securities”** means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

**“Fiscal Agent”** means Zions First National Bank, acting in its capacity as the fiscal agent for the Local Obligations.

**“Fiscal Year”** means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

**“Indenture”** means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

**“Independent Accountant”** means any certified public accountant or firm of such certified public accountants appointed and paid by the Authority, and who, or each of whom -

(a) is in fact independent and not under domination of the Authority, MVUSD or the Districts;

(b) does not have any substantial interest, direct or indirect, in the Authority, MVUSD or the Districts; and

(c) is not an officer or employee of the Authority, MVUSD or the Districts, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, MVUSD or the Districts.

**“Independent Financial Consultant”** means any financial consultant or firm of such consultants experienced in the area for which such consultant is being retained by the Authority, and who, or each of whom -

(a) is in fact independent and not under domination of the Authority, MVUSD or the Districts;

(b) does not have any substantial interest, direct or indirect, in the Authority, MVUSD or the Districts; and

(c) is not an officer or employee of the Authority, MVUSD or the Districts, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, MVUSD or the Districts.

**“Information Services”** means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the [emma.msrb.org](http://emma.msrb.org) website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Request delivered to the Fiscal Agent.

**“Interest Account”** means the account by that name established and held by the Trustee pursuant to the Indenture.

**“Interest Payment Date”** means March 1 and September 1 in each year, beginning September 1, 2013, and continuing thereafter so long as any Bonds remain Outstanding.

**“Local Obligation”** means any Special Tax Refunding Bonds purchased from the Districts with proceeds of the Bonds as set forth in the Indenture.

**“Maximum Annual Debt Service”** means, as of the date of any calculation, the largest Annual Debt Service on the Bonds during the current or any future Bond Year.

**“MVUSD”** means the Murrieta Valley Unified School District.

**“Original Purchaser”** means with respect to the Bonds, Piper Jaffray & Co.

**“Outstanding”** when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except -

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 10.03 or Bonds called for redemption as described in Section 2.02(f); and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“**Owner**” or “**Bond Owner**”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“**Participating Underwriter**” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“**Permitted Investments**” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided the Trustee may rely upon any Request of the Authority as a certification to it that such investment constitutes a legal investment under the laws of the State):

A. Federal Securities.

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

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

D. Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

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

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

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

F. Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P.

“**Principal Account**” means the account by that name established and held by the Trustee pursuant to the Indenture.

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

“**Rebate Fund**” means the fund so designated and established pursuant to the Indenture.

“**Rebate Regulations**” means the Treasury Regulations issued under Section 148(f) of the Code.

“**Record Date**” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“**Representation Letter**” means the representation letter dated as of the Closing Date for the Bonds from the Authority to DTC.

“**Request of the Authority**” means a request in writing signed by the Chairman or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board for that purpose.

“**Request of the District(s)**” means a request in writing signed by the President of the governing board of a District(s) or by any other officer of such District(s) duly authorized by the Board of the District(s) for such purpose.

“**Reserve Account(s)**” or “**Reserve Fund Account**” means the specific account(s) of the Reserve Fund as allocated to the corresponding District pursuant to the Indenture. The Reserve Accounts of the Reserve Fund include:

The Community Facilities District No. 2002-4 Reserve Account of the Reserve Fund; and

The Community Facilities District No. 2003-3 Reserve Account of the Reserve Fund; and

The Community Facilities District No. 2004-1 Reserve Account of the Reserve Fund.



**“Reserve Fund”** means the fund by that name established, held and administered by the Trustee pursuant to the provisions of the Indenture.

**“Reserve Requirement”** means the amount(s) as of any date of calculation equal to the least of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds. The Reserve Requirement as allocated among the Reserve Fund Accounts shall be as set forth in Section 4.03(a).

**“Responsible Officer”** when used with respect to the Trustee, means any officer or employee within the Trust Office of the Trustee (or any successor group of the Trustee) having direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject. It also means any officer of the Trustee assigned to administer the Trustee’s duties under this Indenture.

**“Revenue Fund”** means the fund by that name established and held by the Trustee pursuant to Section 3.03.

**“Revenues”** means: (a) all amounts received from the Districts pursuant to any Local Obligations, (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder (other than the Surplus Fund and the Rebate Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder (other than the Surplus Fund and the Rebate Fund).

**“Securities Depositories”** means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and such other securities depositories as the Authority may designate in a written direction of an Authorized Officer delivered to the Trustee.

**“Serial Bonds”** means all Bonds other than Term Bonds.

**“Special Tax Refunding Bonds”** means any bonds or other obligations issued by the Districts listed in the Indenture under and pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311) of Article 1 of Division 2 of Title 5 of the Government Code of the State of California, as it may hereafter be amended from time to time.

**“Special Taxes”** means the taxes authorized to be levied by the Districts on parcels within the Districts which have been pledged to repay the Special Tax Bonds.

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

**“Supplemental Indenture”** means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of the Indenture.

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

**“Term Bonds”** means the Bonds maturing on September 1, 2033, and September 1, 2038.

**“Treasurer-Tax Collector”** means the Treasurer-Tax Collector of the County of Riverside.

**“Trust Office”** means the corporate trust office of the Trustee, currently at 550 S. Hope Street, Suite 2650, Los Angeles, California 90071, or such other or additional offices as may be specified to the Authority by the Trustee in writing except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

**“Trustee”** means Zions First National Bank and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

**“Yield”** has the meaning given to such term in the Code, which as of the Closing Date is 4.1283% for the Bonds.

## **FLOW OF FUNDS**

Revenue Fund. The Trustee shall establish and maintain a separate trust fund to be known as the “Revenue Fund” and the following separate accounts therein: Interest Account, Principal Account and Special Tax Prepayment Account. Except as otherwise provided herein, the Trustee shall deposit all Revenues received from the Districts pursuant to any Local Obligations as defined in subsection (a) of the definition of Revenues and other amounts deposited to the Revenue Fund as provided herein received after the Closing Date to the Revenue Fund and shall apply amounts in the Revenue Fund as described in the Indenture.

Costs of Issuance Fund. The Trustee shall establish and maintain a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in the Indenture. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and the Trustee shall comply with such request.

Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the “Purchase Fund” into which shall be deposited a portion of the proceeds of sale of the Bonds pursuant to the Indenture. The Trustee shall use the proceeds of the Bonds to purchase Local Obligations of the Districts on the Closing Date; provided, however, that such Local Obligations

may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues, as described in the definitions thereof, to be available to the Trustee, assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds. Upon receipt of the Local Obligations, the Trustee shall deposit the Local Obligations in the Revenue Fund.

Reserve Fund. The Trustee shall establish and maintain a separate trust fund to be known as the “Reserve Fund” which shall be administered as provided in the Indenture.

Rebate Fund. The Trustee shall establish and maintain a separate fund to be known as the “Rebate Fund” for the Bonds. The Rebate Fund shall be administered as described in the Indenture.

Surplus Fund. The Trustee shall establish and maintain a separate fund to be known as the “Surplus Fund” which shall be administered as described in the Indenture.

Pledge of Revenues; Assignment of Rights. Subject to the provisions of the Indenture, the Bonds shall be secured by a first lien on and pledge of all of the Revenues. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

The Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and subject to the provisions of the Indenture shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Districts under the Local Obligations.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds and upon satisfaction of all claims against the Authority under the Indenture with respect to the Bonds, including all fees, charges and expenses of the Trustee and the Authority which are properly payable under the Indenture, or upon the making of adequate provisions for the payment of such amounts as permitted under the Indenture, all moneys remaining in all funds and accounts pertaining to the Bonds, except any amounts on deposit in the Rebate Fund and except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which moneys shall be held by the Trustee and paid to the Authority pursuant to the Indenture, shall be paid to the Districts in proportion to the original principal of the Local Obligation free of the lien of the Indenture.

## **Receipt, Deposit and Application of Revenues; Revenue Fund**

(a) All Revenues described in clause (a) of the definition thereof in the Indenture shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Any Revenues which represent the payment of delinquent principal of or interest on a Local Obligation shall immediately be deposited to the Reserve Fund to the extent necessary to replenish the reserve requirement, with any amount in excess of that needed for such reimbursement remaining in the Revenue Fund.

On each Interest Payment Date and date for redemption of the Bonds, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On each Interest Payment Date and redemption date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date or redemption date, as applicable. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

Principal Account. On each Interest Payment Date and redemption date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date pursuant to the Indenture; provided, however, that no amount shall be deposited to effect an optional redemption pursuant to the Indenture unless the Trustee has first received a certificate of an Independent Accountant to the effect that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Districts continues to make timely payment on all Local Obligations not then in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof, (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof pursuant to the Indenture, or (iii) paying the principal of and premium (if any) on any Bonds upon the optional redemption thereof pursuant to the Indenture. In the event that the amounts on deposit in the Principal Account on any Interest Payment Date or date of

redemption, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate principal amount of, and premium (if any) on, the Outstanding Bonds then coming due and payable (whether at maturity or upon the redemption thereof), the Trustee shall apply such amounts in the following order of priority; (i) first, to the payment of the principal of the Outstanding Bonds which mature by their terms on such Interest Payment Date; and (ii) second, to the payment of the principal of the Outstanding Bonds to be redeemed pursuant to the Indenture, in each case on a pro rata basis.

Special Tax Prepayment Account. All funds received by the Authority from Special Tax Prepayments pursuant to the Fiscal Agent Agreements for Community Facilities Districts 2002-4, 2003-3 and 2004-1 shall be deposited in the Special Tax Prepayment Account to redeem Bonds pursuant to Section 2.02(b) of this Indenture.

Reserve Fund. On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund an amount sufficient to restore the Reserve Fund to the Reserve Requirement and allocate such amount as set forth in the Indenture.

a) If on any Interest Payment Date the amount on deposit in the Revenue Fund is inadequate to make the transfers described in (a) above as a result of a payment default on a Local Obligation, the Trustee shall immediately notify the Administrator of the amount needed to make the required deposits under (a) above. In the event that following such notice the Trustee receives additional payments from the Districts to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund.

b) On each Interest Payment Date after making the transfers required under (a) and (b) above, upon receipt of a Request of the Authority to do so, the Trustee shall transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request.

c) On September 2 of each year, after making the deposits required under (a), (b) and (c) above, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.

### **Reserve Fund**

a) There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement which shall be allocated among the Reserve Accounts on a pro rata basis based on the then-outstanding amounts of the Local Obligations, which initially shall be as follows: (i) to the Community Facilities District No. 2002-4 Reserve Account, \$407,750.00; (ii) to the Community Facilities District No. 2003-3 Reserve Account \$160,331,26; and (iii) to the Community Facilities District No. 2004-1 Reserve Account, \$186,362.50.

If the amount of the Reserve Requirement is reduced because of the payment at maturity or partial redemption of the Bonds, the Trustee shall, at the written direction of the Authority, adjust the balance in any Reserve Account or create new reserve accounts provided that the total amount held in the accounts of the Reserve Fund equals the Reserve Requirement.

b) Moneys in the Reserve Fund shall be used solely for the purposes set forth in Section 4.03 of the Indenture. Subject to the limitations set forth in the following paragraph, amounts in the Reserve Fund may be applied to pay the principal of, including sinking fund payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, funds held in the Reserve Fund may be applied in connection with an optional redemption or a special mandatory redemption pursuant to the Indenture or a defeasance pursuant to the Indenture of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity, or in accordance with the provisions of the Indenture, to pay the principal of and interest due on the Bonds to maturity. Amounts transferred in connection with a redemption or a defeasance of Bonds shall be transferred from the Reserve Account of the Reserve Fund established for the District or Districts which have caused such redemption or defeasance through a redemption of the Local Obligations of such District or Districts. Any amounts in the Reserve Fund in excess of what the Reserve Requirement will be following an optional redemption, special mandatory redemption or partial defeasance of the Bonds shall be applied toward the optional redemption, special mandatory redemption or defeasance of the Bonds, as applicable.

c) If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Bonds when due, the Trustee shall withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: (i) if the insufficiency was caused by a delinquency in the payment of a Local Obligation, the Trustee shall transfer up to the amount of the delinquency from the Reserve Account of the Reserve Fund established for the District which issued such Local Obligation to the Interest Account or the Principal Account, as applicable. Amounts in a Reserve Account of the Reserve Fund established for a District may be transferred to the Interest Account or Principal Account only to the extent necessary to cure any default on any Local Obligation of such District and may not be transferred to cure any default on any other Local Obligation.

d) (i) On September 1, 2038, all cash amounts in Community Facilities District No. 2002-4 Reserve Account will be transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations of CFD No. 2002-4 on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on the Local Obligations of CFD No. 2002-4 on such date and the balance being deposited to the Principal Account as a credit on the principal due of the Local Obligations of CFD No. 2002-4 on such date.

(ii) On September 1, 2036, all cash amounts in Community Facilities District No. 2003-3 Reserve Account will be transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations of CFD No. 2003-3 on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on the Local Obligations of CFD No. 2003-3 on such date and the balance being deposited to the Principal Account as a credit on the principal due of the Local Obligations of CFD No. 2003-3 on such date.

(iii) On September 1, 2037, all cash amounts in Community Facilities District No. 2004-1 Reserve Account will be transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations of CFD No. 2004-1 on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on the Local Obligations of CFD No. 2004-1 on such date and the balance being deposited to the Principal Account as a credit on the principal due of the Local Obligations of CFD No. 2004-1 on such date.

e) Moneys in the Reserve Fund, if any, in excess of the Reserve Requirement not transferred in accordance with the preceding paragraphs shall be withdrawn from the Reserve Fund on each Interest Payment Date and transferred to the Interest Account.

Surplus Fund. Amounts in the Surplus Fund shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as the Local Obligations are outstanding under the terms of the resolution of the applicable Districts pursuant to which such Local Obligations were issued, on September 2 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses which shall be paid by the Trustee upon receipt of a Request of the Authority, the remaining balance in the Surplus Fund shall be transferred by the Trustee to the Fiscal Agent in accordance with Exhibit C attached to the Indenture for credit to the Special Tax Funds of the Districts established and held by the Fiscal Agent. In the event that the Local Obligations have been paid or defeased such that a District is no longer obligated to levy Special Taxes to repay its Local Obligations, then such amounts in the Surplus Fund shall be disbursed only to those Districts which are still obligated to levy Special Taxes to repay Local Obligations. In the event all Districts are no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of Administrative Expenses or any other purpose as specified in a Request of the Authority delivered to the Trustee.

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (D) of the definition thereof. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Permitted Investments that are registrable securities shall be registered in the name of the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture upon the Request of the Authority. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition of any investment and may make any and all investments permitted herein through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment. Investments purchased with funds on deposit in the Reserve Fund, except an Investment Agreement, shall have an average aggregate weighted term to maturity not greater than five years.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued as frequently as deemed necessary, but not less often than annually and at the market value thereof (except investment agreements, excluding any accrued interest). Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored by the Authority within one year of the valuation date.

Rebate Fund. The Trustee shall establish a Rebate Fund. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Authority shall cause to be deposited in each such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the tax certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury.

## **COVENANTS OF THE AUTHORITY**

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

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

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and



assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the Local Obligations and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards in which complete and accurate entries shall be made of transactions relating to the proceeds of Bonds, the Revenues, the Local Obligations and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the Districts upon reasonable prior notice during regular business hours and under reasonable circumstances.

Monthly, the Trustee shall prepare and file with the Authority a statement setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such statement is prepared; and (iii) a brief description of all obligations held as investments in each fund and account; provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the Districts pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under the Indenture and for the enforcement of all of the obligations of the Districts under the Indenture. The Authority shall instruct the Districts to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and the Districts may, with prior written notice to Standard & Poor's, at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof, (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes -

(1) to add to the covenants and agreements of the Districts contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Districts; or

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations, or in any other respect whatsoever as the Districts may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(3) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of nationally-recognized bond counsel.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, the Authority may cause the Trustee to sell by Request of the Authority, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(1) a certificate of an Independent Accountant to the effect that, following the disposition of such Local Obligations, the Revenues as defined in subsection (a) of the definition thereof to be paid to the Trustee (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any noncallable Federal Securities irrevocably pledged to the repayment of the Bonds will be sufficient to pay the principal of and interest on the Bonds when due; and

(2) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds or Additional Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions, the Trustee shall disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

Continuing Disclosure. The Authority does hereby covenant and agree that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee (at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys) or any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, as the case may be, to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

## THE TRUSTEE

Appointment of Trustee. Zions First National Bank, with its corporate trust office in Los Angeles, California, a banking corporation organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture. The Authority agrees that it will maintain a Trustee with a combined capital and surplus (or, in the case of a domestic branch of a foreign bank, a parent bank meeting such requirement) of at least Seventy Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding.

Acceptance of Trusts. The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, but shall not be responsible for the acts of any agents, attorneys or receivers appointed by it with due care. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty under the Indenture and shall be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in good faith and in accordance with the Indenture.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured by the Indenture and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority under the Indenture. The Trustee shall have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in the Indenture, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered under the Indenture. The Trustee may become the Owner of Bonds secured by the Indenture with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds,

whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in the Indenture, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents. In the event of negligence or misconduct of an agent or attorney of the Trustee, the Trustee shall diligently pursue all remedies of the Trustee against such agent or attorney.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default, and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by the Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority, or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in the Indenture, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such

books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in the Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

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

(q) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure.

The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered under the Indenture and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held under the Indenture for the foregoing fees, charges and expenses incurred by it respectively. The Trustee’s right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

Notice to Bond Owners of Default. If an Event of Default under the Indenture occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in the Indenture, then the Trustee shall within no more than 30 days of such occurrence give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to the Indenture, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may or the Authority or Bond Insurer may, upon 30 days’ prior written notice to the Trustee, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee. Upon any such removal, the Authority shall give notice of such removal to the Bond Insurer and the Surety Bond Provider and appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in the Indenture. Upon such

acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

Resignation by Trustee. The Trustee and any successor Trustee may at any time under either one or more series of Bonds give prior written notice of its intention to resign as Trustee under the Indenture, such notice to be given to the Authority and the Districts by registered or certified mail or overnight delivery service. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to the Indenture, the Authority shall promptly appoint a successor Trustee with respect to the Bonds. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 6.06 of the Indenture or within thirty (30) days following the receipt of notice by the Authority and the Districts pursuant to the Indenture, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of the Indenture. Any such successor Trustee appointed by such court, shall become the successor Trustee under the Indenture notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty-day period.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01 of the Indenture, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the

predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of Section 6.11 of the Indenture are adopted to these ends.

In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee. Any co-trustee shall be bound by the standard of care, duties and obligations as the Trustee under this Indenture as if such co-trustee were the Trustee.

Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, cost, expense and liabilities (including without limitation, fees and expenses of its attorneys) which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the reasonable costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds



Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. Such indemnification shall survive termination of this Indenture and discharge of the Bonds, resignation or removal of the Trustee.

### **MODIFICATION AND AMENDMENT OF THE INDENTURE**

Amendment of the Indenture. The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds, including, but not limited to, amending the procedures set forth in the Indenture with respect to the calculation of Rebatale Arbitrage; or

(d) to amend the provisions pertaining to the crediting of any Surplus Fund balance.

The Trustee may obtain an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion.

## **EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

Events of Default. The following events shall be Events of Default under the Indenture.

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

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

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority, and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30-day period unless waived by the Trustee) shall not constitute an Event of Default under the Indenture if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee or the Bond Insurer may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. In the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from Subordinate Revenues or the funds of the Authority and not from Revenues.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount Outstanding of the Bonds and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

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

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

(a) first to the payment of all installments of interest on the Bonds then due and unpaid, and

(b) second, to the payment of all installments of principal of the Bonds then due and unpaid.

Third, to the Authority to the extent of its administrative expenses.

Upon an Event of Default, any or all monies held in the funds and accounts under the Indenture shall be applied to pay the redemption prices of, or any amount due in respect of principal or interest on, the Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion, or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of twenty-five percent

(25%) in aggregate principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non-Waiver. Nothing in the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of twenty-five percent (25%) in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds shall

have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions or any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## **MISCELLANEOUS**

Limited Liability of Authority. Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained in the Indenture (except to the extent any such covenants are expressly payable under the Indenture from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues (with respect to the Bonds) and other funds pledged to the payment thereof as in the Indenture provided.

Discharge of Indenture. If the Local Obligations are to be defeased and/or redeemed in accordance with the District Indenture therefor then the Authority shall pay and discharge any or all of the Outstanding Bonds related thereto in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established

with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or an escrow bank as fiduciary meeting the financial requirements set forth in the Indenture, in trust, Federal Securities set forth in (a), (b) or (c) of the definition thereof (each a “Defeasance Obligation) in such amounts as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates; and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the Code, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, and to pay all expenses and costs of the Trustee. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the Districts.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee shall, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

## APPENDIX D

### SUMMARY OF CERTAIN PORTIONS OF THE FISCAL AGENT AGREEMENTS

The following is a brief summary of the provisions of the three (3) separate Fiscal Agent Agreements (each an “Agreement” and collectively the “Agreements”); one each for CFD 2002-4, 2003-3 and 2004-1. This Summary is not intended to be definitive. Reference is made to the actual documents (copies of which are available from the District) for the complete terms thereof.

### DEFINED TERMS

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

“\_\_\_\_\_ **Bonds**” means the Community Facilities District No. \_\_\_\_\_ of the Murrieta Valley Unified School District, \_\_\_\_\_ Special Tax Bonds sold on \_\_\_\_\_, 20\_\_.

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

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and of preparing the annual Special Tax collection schedules (whether by the Superintendent or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent for the Bonds; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under this Fiscal Agent Agreement; the costs of the District or its designee or an Obligated Person in complying with the disclosure requirements of applicable federal and state securities laws and of the Act, the District’s or Obligated Person’s Continuing Disclosure Certificate and this Agreement including those related to public inquiries regarding the Special Tax and disclosures to Owners and the Original Purchaser; the costs of the District or its designee related to any appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the School District to comply with the Agreement; and an allocable share of the salaries of the School District staff directly relating to the foregoing. Administrative Expenses shall also include amounts advanced by the School District for any other administrative purposes of the District including costs related to prepayments of Special Taxes; recordings related to the prepayment, discharge or satisfaction of Special Taxes; amounts advanced to ensure compliance with the Agreement; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes.

“**Administrative Expense Fund**” means the fund by that name established by the Agreement.

**“Agreement”** means the Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

**“Annual Debt Service”** means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of the Agreement, providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to the Agreement).

**“Auditor”** means the auditor/controller of the County of Riverside.

**“Authority”** means the Murrieta Valley Unified School District Public Finance Authority.

**“Authorized Investments”** or **“Permitted Investments”** means any of the following which at the time of investment are determined by the Community Facilities District to be legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Fiscal Agent shall be entitled to rely conclusively upon any such determination by the Community Facilities District):

- A. Federal Securities.
- B. U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, which may include the Fiscal Agent and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s Investors Service (“Moody’s”) and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- C. Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;
- D. Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;
- E. Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or



local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

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

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

F. Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P.

“**Authorized Officer**” means the Superintendent, the Assistant Superintendent, Business Services, the Assistant Superintendent, Facilities/Operations, or any other officer or employee authorized by the Board of Education of the School District or by an Authorized Officer to undertake the action referred to in this Agreement as required to be undertaken by an Authorized Officer.

“**Bond Counsel**” means Rutan & Tucker, LLP or any attorney or firm of attorneys selected by the District with expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“**Bond Fund**” means the fund by that name established by the Agreement.

“**Bond Register**” means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Agreement.

“**Bond Year**” means the one-year period beginning on September 2<sup>nd</sup> in each year and ending on September 1<sup>st</sup> in the following year, except that the first Bond Year will begin on the Closing Date and end on September 1, 2013.

“**Bonds**” means Community Facilities District No. \_\_\_\_\_ of the Murrieta Valley Unified School District, Series 2013 Special Tax Refunding Bonds.

“**Business Day**” means a day which is not a Saturday or a Sunday or a day of the year on which banks in New York, New York and Los Angeles, California or where the Fiscal Agent has its principal corporate trust office are not required or authorized or obligated to remain closed.

**“CDIAC”** means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

**“Closing Date”** means February 21, 2013, being the date upon which there is delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

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

**“County”** means the County of Riverside, California.

**“DTC”** means The Depository Trust Company, New York, New York, and its successors and assigns.

**“Debt Service”** means the scheduled amount of interest and amortization of principal payable under the Agreement on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

**“Depository”** means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Agreement.

**“District”** or **“Community Facilities District”** means the Community Facilities District No. \_\_\_\_\_ of the Murrieta Valley Unified School District formed by the School District under the Act and the Resolution of Formation.

**“Escrow Agent”** means Zions First National Bank, acting in its capacity as escrow agent under the Escrow Agreement.

**“Escrow Agreement”** means the Escrow Agreement, dated as of January 1, 2013, by and between the District and the Escrow Agent.

**“Escrow Fund”** means the fund by that name established under the Escrow Agreement.

**“Federal Securities”** means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

**“Fiscal Agent”** means the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns,

and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

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

**“Indenture”** means the Indenture of Trust, dated as of January 1, 2013, by and between the Authority and the Fiscal Agent .

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

**“Information Services”** means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the [emma.msrb.org](http://emma.msrb.org) website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Request delivered to the Fiscal Agent.

**“Interest Payment Dates”** means March 1 and September 1 of each year, commencing September 1, 2013.

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

**“Moody’s”** means Moody’s Investors Service, and any successor thereto.

**“Net Special Taxes”** means, after the initial \$\_\_\_\_\_ is funded to the Administrative Expense Fund pursuant to the Agreement hereof, the proceeds of the Special Taxes received by the District, including any scheduled payments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Net Special Taxes” does not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes.

**“Ordinance”** means any ordinance adopted by the legislative body of District providing for the levy of the Special Taxes.

**“Original Purchaser”** means the first purchaser of the Bonds from the School District.

**“Outstanding”**, when used as of any particular time with reference to Bond, means (subject to the provisions of the Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to

have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the District pursuant to this Agreement or any Supplemental Agreement.

**“Owner”** means any person who is the registered owner of any Outstanding Bond.

**“Participating Underwriter”** has the meaning ascribed thereto in the Continuing Disclosure Certificate.

**“Principal Office”** means the principal corporate trust office of the Fiscal Agent set forth in the Agreement or such other or additional offices as may be designated by the Fiscal Agent, except with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

**“Rate and Method of Apportionment”** means the Rate and Method of Apportionment of Special Taxes, as approved by the voters on \_\_\_\_\_, 20\_\_.

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

**“Reserve Fund”** means the fund by that name established pursuant to Section 4.04(A) hereof.

**“Resolution”** means Resolution No. \_\_\_\_\_, adopted by the Board of Education of the School District on January 24, 2013, authorizing issuance of the Bonds.

**“Resolution of Formation”** means Resolution No. \_\_\_\_\_ adopted by the Board of Education on \_\_\_\_\_, 20\_\_.

**“School District”** means the Murrieta Valley Unified School District of Murrieta, California, and any successor thereto.

**“Securities Depositories”** means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and such other securities depositories as the District may designate in a written direction of an Authorized Officer delivered to the Fiscal Agent.

**“Special Tax Fund”** means the fund by that name established by the Agreement.

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

**“Special Tax Prepayments Subaccount”** means the account by that name within the Bond Fund established by the Agreement.

**“Special Taxes”** means the special taxes levied within the District pursuant to the Act, the Ordinance and this Agreement.

**“Supplemental Agreement”** means an agreement the execution of which is authorized by a resolution that has been duly adopted by the legislative body of the District under the Act and which agreement amends or supplements this Agreement, but only if and to the extent that such agreement is specifically authorized under this Agreement.

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

## **FUNDS AND ACCOUNTS**

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

**Improvement Fund.** An Improvement Fund is established, as a separate fund to be held by the Fiscal Agent. Moneys in the Improvement Fund shall be held in trust by the Fiscal Agent for the benefit of the District and shall be disbursed for the payment or reimbursement of costs of the Project upon written direction of an Authorized Officer. Moneys in the Improvement Fund shall be invested in Permitted Investments. Interest earnings and profits from such investment shall be deposited and credited by the Fiscal Agent to the Improvement Fund to be used for the payment of the costs of the Project.

**Bond Fund.** A Bond Fund is established, as a separate fund to be held by the Fiscal Agent. Within the Bond Fund, the Fiscal Agent shall establish a separate subaccount known as the Special Tax Prepayments Subaccount. Moneys in the Bond Fund and the subaccounts therein shall be held in trust by the Fiscal Agent for the benefit of the Owners, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners. If there are insufficient funds in the Bond Fund to make all of the required payments, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date. Moneys in the Special Tax Prepayments Subaccount shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption can timely be given for redemption of Bonds, and shall be used to redeem Bonds on the redemption date selected. Moneys in the Bond Fund and the Special Tax Prepayments Subaccount shall be invested in Permitted Investments. Interest earnings and profits resulting from the investment of amounts in the Bond Fund and the Special Tax Prepayments Subaccount shall be retained in the Bond Fund and the Special Tax Prepayments Subaccount, respectively, to be used for purposes of such fund and accounts.

**Special Tax Fund.** A Special Tax Fund is established, as a separate fund to be held by the Fiscal Agent, to the credit of which the District will authorize direct deposit of all Special Taxes received by the District. Moneys in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the District and the Owners, shall be disbursed as provided below

and, pending disbursement, shall be subject to a lien in favor of the Owners and the District. From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority: (i) the amount or portion thereof, not exceeding \$\_\_\_\_\_, which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund for payment of Administrative Expenses; (ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund and the Special Tax Prepayments Subaccount to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date; and (iii) the amount of Administrative Expenses transferred to the Administrative Expense Fund in excess of the amount previously transferred thereto pursuant to (i) above, as directed in writing by an Authorized Officer. The amounts the Authorized Officer directs the Fiscal Agent to transfer from time to time to the Administrative Expense Fund shall not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses. The Fiscal Agent shall not be responsible for monitoring this requirement. At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year, any amounts in excess of such amounts remaining in the Special Tax Fund shall, upon the written direction of an Authorized Officer, be transferred by the Fiscal Agent to the District to be used for any lawful purpose. Surplus Special Tax Amounts shall, upon written direction from an Authorized Officer, be transferred by the Fiscal Agent to the Improvement Fund to be used for any lawful purpose under the Act. In the absence of such written direction, all amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided, however, that in no event shall such amount be invested at a yield in excess of the yield of the Bonds. Moneys in the Special Tax Fund shall be invested in Permitted Investments. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

**Administrative Expense Fund.** An Administrative Expense Fund is established, as a separate fund to be held by the Fiscal Agent. Moneys in the Administrative Expense Fund shall be held in trust by the Fiscal Agent for the benefit of the School District. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the District upon receipt by the Fiscal Agent of requisition of an Authorized Officer stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense and the nature of such Administrative Expense. Moneys in the Administrative Expense Fund shall be invested in Permitted Investments. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes thereof.

#### **COVENANTS OF THE DISTRICT**

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

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

**Against Encumbrances.** The District shall not encumber, pledge or place any charge or lien upon any of the Net Special Taxes or other amounts or funds pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Agreement.

**Books and Records.** The District shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund, and to the Net Special Taxes. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

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

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

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

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

**Private Activity Bond Limitations.** The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

**Federal Guarantee Prohibition.** The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

**Rebate Requirement.** The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section applies to the Bonds. The Fiscal Agent may rely conclusively upon the District’s determinations, calculations and certifications required by this Section. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the District’s calculations hereunder.

If necessary, the District may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District (except amounts required to pay Debt Service on the Bonds, including amounts advanced by the District, in its sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its obligations under this Section 5.12. An Authorized Officer shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance with this Section 5.12, such as increasing the portion of the Special Tax levy for Administrative Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this Section 5.12.

**No Arbitrage.** The District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

**Yield of the Bonds.** In determining the yield of the Bonds to comply with the Agreement, the District will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the District, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or Bonds redeemed.

**Maintenance of Tax-Exemption.** The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

**Continuing Disclosure to Owners.** In addition to its obligations under the Agreement, the District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered a default hereunder; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the District of its obligations thereunder, including seeking mandate or specific performance by court order.



**Reduction of Special Taxes.** The District covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds. The District shall not initiate proceedings under the Act to modify the Rate and Method of Apportionment if such modification would adversely affect the security for the Bonds. If an initiative or referendum measure is proposed that purports to modify the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds.

**Limits on Special Tax Waivers and Bond Tenders.** The District covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender, assuming Special Taxes are levied in the future, as provided hereunder.

## **INVESTMENTS**

Moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Authorized Investments, as directed pursuant to the written direction of an Authorized Officer. In the absence of any such written direction, the Fiscal Agent shall hold such amounts uninvested until the receipt of such written directions. Obligations purchased as an investment of Moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

## **LIABILITY OF THE DISTRICT**

The District shall not incur any responsibility in respect of the Bonds or the Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder. No provision of the Agreement shall require the District to expend or risk its own general funds or otherwise incur any financial liability in the performance of any of its

obligations hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

### **MODIFICATION OR AMENDMENT OF THE AGREEMENT**

The Agreement and the rights and obligations of the District and of the Owners may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting of the Owners, of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or (iii) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

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

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

(B) to make modifications not adversely affecting any outstanding series of Bonds of the District in any material respect;

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

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

(E) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum annual Special Taxes that may be levied in each year on Improvement Area B of the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds Outstanding as of the date of such amendment.

## **DISCHARGE OF AGREEMENT**

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

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

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money that, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

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

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

Upon compliance by the District with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent that are not required for the purposes of the preceding paragraph shall be paid over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.

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## APPENDIX E

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

#### CONTINUING DISCLOSURE CERTIFICATE

**\$11,170,000**

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT  
PUBLIC FINANCING AUTHORITY  
2013 REFUNDING REVENUE BONDS**

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Murrieta Valley Unified School District (the "District"), on behalf of itself and the Murrieta Valley Unified School District Public Financing Authority (the "Authority"), in connection with the issuance by the Authority of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of January 1, 2013 (the "Indenture"), by and between the Authority and Zions First National Bank, as trustee (the "Trustee"). The District hereby covenants and agrees as follows:

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

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

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

*"Annual Report Date"* means the date that is six and one-half months after the end of the District's fiscal year (currently January 15 based on the District's fiscal year end of June 30).

*"Community Facilities Districts"* means, collectively, Community Facilities District No. 2002-4 of the Murrieta Valley Unified School District (but for purposes hereof solely with respect to its Improvement Area B), Community Facilities District No. 2003-3 of the Murrieta Valley Unified School District, and Community Facilities District No. 2004-1 of the Murrieta Valley Unified School District.

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

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

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

*"Official Statement"* means the final official statement dated February 7, 2013, executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Piper Jaffray & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

### Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2014, with the report for the 2012-13 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

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

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

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

(a) The District's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE SCHOOL DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE DISTRICTS OR THE SCHOOL DISTRICT, OTHER THAN NET SPECIAL TAXES, ARE REQUIRED TO BE

USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE DISTRICTS NOR THE SCHOOL DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE DISTRICT OR THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

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

(i) Updated tables for each Community Facilities District in substantially the form of Tables 3A, 3B and 3C in the Official Statement entitled "Secured Assessed Value History."

(ii) An updated table in substantially the form of Table 4 in the Official Statement entitled "Assessed Values and Value to Burden Ratios" using property valuations based upon the most recent equalized tax roll prior to the September next preceding the Annual Report Date.

(iii) Updated tables for each Community Facilities District in substantially the form of Tables 6A, 6B and 6C in the Official Statement entitled "Special Tax Collections and Delinquencies" for the most recently completed Fiscal Year.

(iv) Any changes to the Rate and Method of Apportionment of Special Tax for any of the Community Facilities Districts set forth as an Appendix to the Official Statement.

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

(vi) The amount of prepayments of the Special Tax with respect to each Community Facilities District for the prior Fiscal Year.

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

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

#### Section 5. Reporting of Listed Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(b) Upon the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or

similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

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

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

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

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, 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.

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: February 21, 2013

MURRIETA VALLEY UNIFIED SCHOOL  
DISTRICT

By: \_\_\_\_\_

William Olien,  
Assistant Superintendent, Facilities and  
Operations,  
Murrieta Valley Unified School District

AGREED AND ACCEPTED:  
Dolinka Group, LLC  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Murrieta Valley Unified School District Public Financing Authority  
Name of Bond Issue: Murrieta Valley Unified School District Public Financing Authority 2013 Refunding Revenue Bonds  
Date of Issuance: February 21, 2013

NOTICE IS HEREBY GIVEN that the Murrieta Valley Unified School District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated February 21, 2013. The School District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

Dolinka Group, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_



APPENDIX G  
FORM OF OPINION OF BOND  
COUNSEL

February 21, 2013

Murrieta Valley Unified School District  
Public Financing Authority  
41870 McAlby Court  
Murrieta, CA 92562

Re: Murrieta Valley Unified School District Public Financing Authority, 2013  
Refunding Revenue Bonds

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the Murrieta Valley Unified School District Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its \$11,170,000 2013 Refunding Revenue Bonds (the "Bonds"). The Bonds are being issued under that certain Indenture of Trust, dated as of January 1, 2013, by and between Zions First National Bank (the "Trustee") and the Authority (the "Indenture"). In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Authority, certain community facilities districts of the Murrieta Valley Unified School District (the "Districts"), the original purchasers of the Bonds and others, and such other information and documents as we consider necessary to render this opinion. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the authority contained in Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act") and an authorizing resolution adopted by the Authority on January 24, 2013 approving the Indenture. The Bonds are dated the date of delivery and mature on the dates and in the amounts set forth in the Indenture. Interest on the Bonds is payable on the dates and at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the forms set forth in the Indenture and are redeemable in the amounts, at the times and in the manner set forth in the Indenture.

All terms not defined herein have the meaning ascribed to those terms in the Indenture.

Based upon the subject to the foregoing, and in reliance thereon, we are of the following opinions:

1. The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority. The Bonds are secured and payable solely from the Revenues (as defined in the Indenture), as and to the extent provided for in the Indenture. The Bonds are enforceable in accordance with their terms and the terms of the Indenture, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

2. The Indenture has been duly authorized by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

3. The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that enforceability of the Indenture may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

4. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum taxable income which may effect the alternative minimum tax liability of individuals and corporations.

5. Interest on the Bonds is exempt from present State of California personal income tax.

The opinion expressed in paragraph (4) above as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is subject to the condition that the Authority and the Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retro-active to the date of issuance of the Bonds. The Authority and each District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), and (5) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur.

Murrieta Valley Unified School District  
February 21, 2013  
Page 3

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Very truly yours,

RUTAN & TUCKER, LLP

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**APPENDIX H**  
**BOUNDARY MAPS OF THE**  
**COMMUNITY FACILITIES DISTRICTS**

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# PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2002-4 OF THE MURRIETA VALLEY UNIFIED SCHOOL DISTRICT RIVERSIDE COUNTY STATE OF CALIFORNIA

(1) Filed in the office of the Clerk of the Board of Education this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

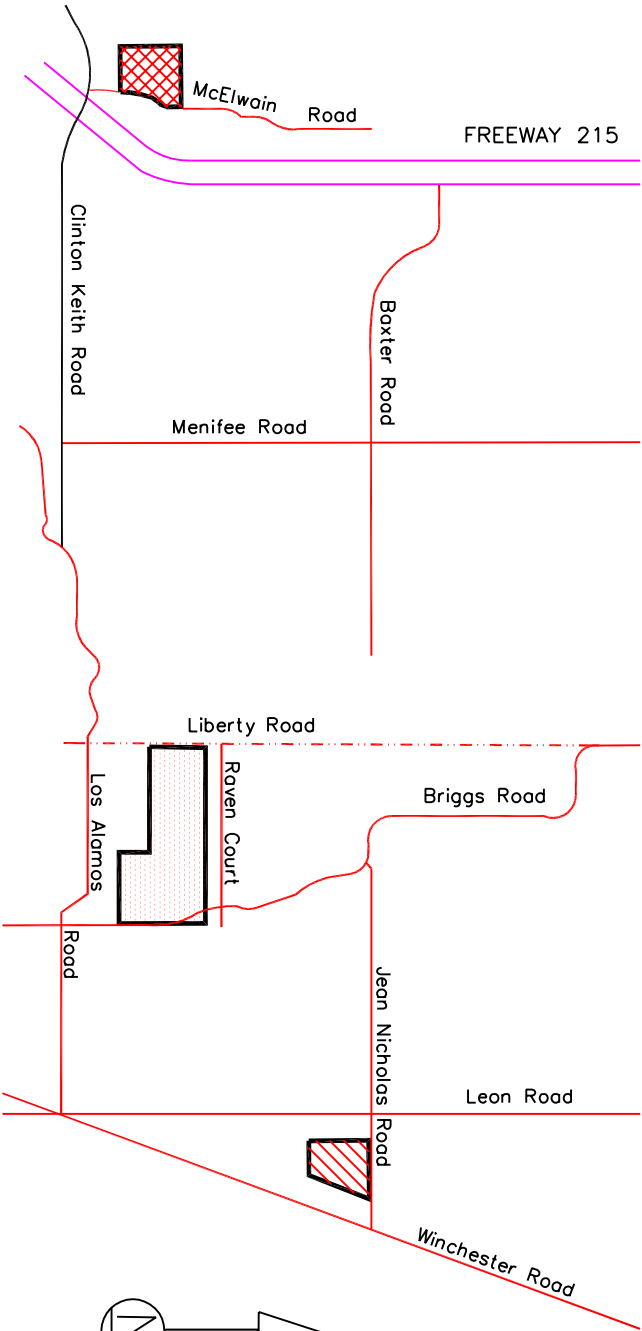
\_\_\_\_\_  
Clerk of the Board of Education

(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 2002-4, Riverside County, State of California, was approved by the Board of Education at a regular meeting thereof, held on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by its Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
Clerk of the Board of Education

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at the hour of \_\_\_\_ o'clock \_\_\_\_m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts of page \_\_\_\_\_ and os Instrument No. \_\_\_\_\_, in the office of the County Recorder of Riverside County, State of California.

\_\_\_\_\_  
County Recorder of Riverside County



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

PREPARED BY  
DAVID TAUSSIG & ASSOCIATES, INC.

LEGEND	
	Boundaries of Community Facilities District No. 2002-4
	Improvement Area A
	Improvement Area B
	Improvement Area C



EXHIBIT "A"  
ASSESSOR'S PARCELS  
PROPOSED BOUNDARIES OF  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
OF THE MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

Improvement Area A

467-240-012

Improvement Area B

467-230-001

467-230-027

467-230-028

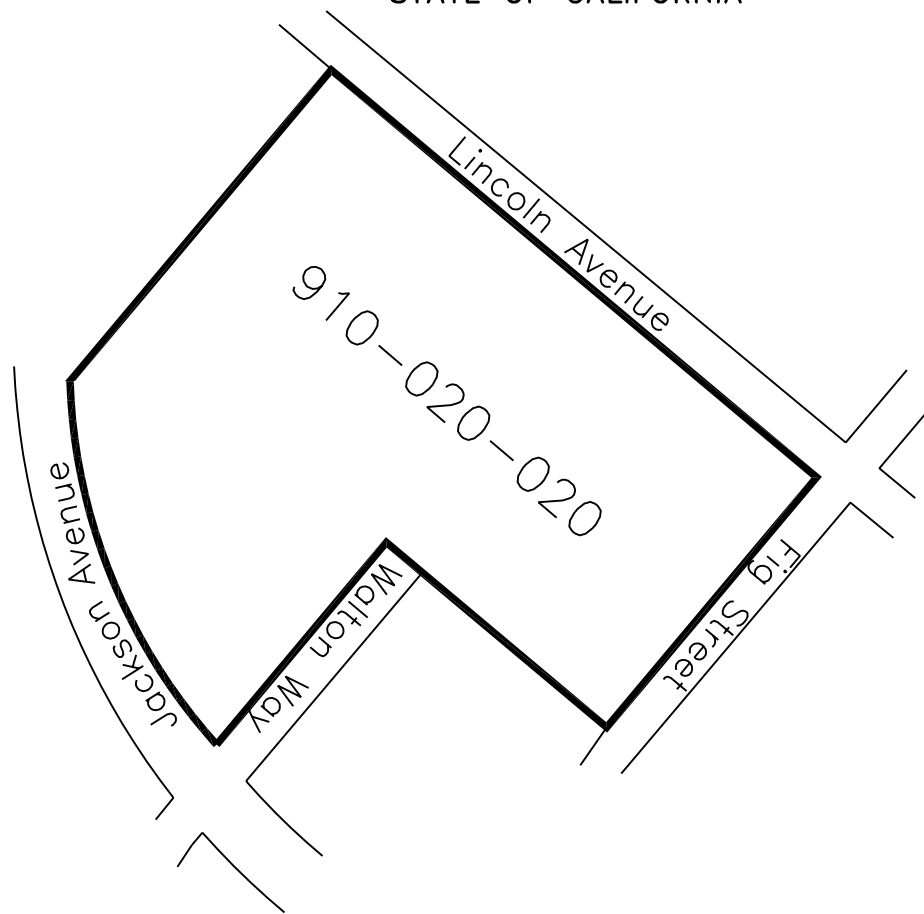
Improvement Area C

359-500-001

359-510-011



PROPOSED BOUNDARIES OF  
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2003-3  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA



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

PREPARED BY  
DAVID TAUSSIG & ASSOCIATES, INC.

(1) Filed in the office of the Clerk of the Board of Education this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Clerk of the Board of Education



(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 2003-3, Riverside County, State of California, was approved by the Board of Education at a regular meeting thereof, held on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by its Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
Clerk of the Board of Education

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at the hour of \_\_\_\_ o'clock \_\_m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at page \_\_\_\_\_ and as Instrument No. \_\_\_\_\_, in the office of the County Recorder of Riverside County, State of California.

\_\_\_\_\_  
County Recorder of Riverside County

LEGEND

-  Boundaries of Community Facilities District No. 2003-3
-  Assessor Parcel Boundaries
- nnn-nnn-nnn Assessor Parcel Number

PROPOSED BOUNDARIES OF  
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-1  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA



(1) Filed in the office of the Clerk of the Board of Education this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

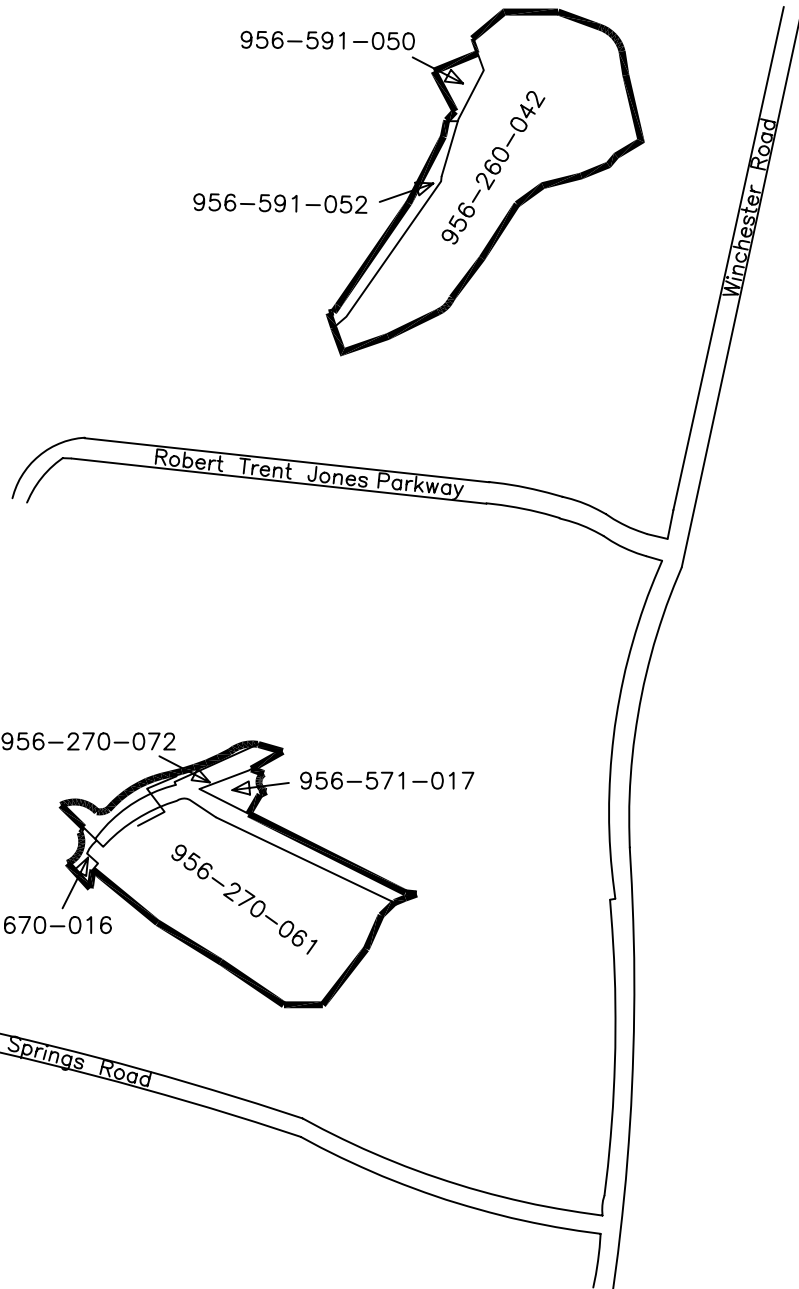
\_\_\_\_\_  
Clerk of the Board of Education

(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 2004-1, Riverside County, State of California, was approved by the Board of Education at a regular meeting thereof, held on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by its Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
Clerk of the Board of Education

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at the hour of \_\_\_\_ o'clock \_\_m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at page \_\_\_\_\_ and as Instrument No. \_\_\_\_\_ in the office of the County Recorder of Riverside County, State of California.

\_\_\_\_\_  
County Recorder of Riverside County



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

PREPARED BY  
DAVID TAUSSIG & ASSOCIATES, INC.

LEGEND	
	Boundaries of Community Facilities District No. 2004-1
	Assessor Parcel Boundaries
nnn- <del>nnn</del> -nnn	Assessor Parcel Number

**APPENDIX I**  
**ASSESSED VALUES BY PARCEL**  
**IN EACH COMMUNITY FACILITIES DISTRICT**

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**Murrieta Valley Unified School District****Public Financing Authority**

2013 Revenue Refunding Bonds

Parcel Listing - CFD No. 2002-4 IA B

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-100-001-8	\$0.00	\$8.00	12.3900
480-110-001-9	\$2,110.68	\$359,335.00	0.2695
480-110-002-0	\$2,110.68	\$353,000.00	0.2627
480-110-003-1	\$2,110.68	\$358,000.00	0.2063
480-110-004-2	\$2,110.68	\$355,000.00	0.2470
480-110-005-3	\$2,110.68	\$353,875.00	0.2717
480-110-006-4	\$2,110.68	\$373,000.00	0.3654
480-110-007-5	\$2,110.68	\$367,000.00	0.3936
480-110-008-6	\$2,110.68	\$351,000.00	0.2218
480-110-009-7	\$2,110.68	\$351,979.00	0.1924
480-110-010-7	\$2,110.68	\$351,000.00	0.1951
480-110-011-8	\$2,110.68	\$364,548.00	0.1843
480-110-012-9	\$2,110.68	\$333,000.00	0.1834
480-110-013-0	\$2,110.68	\$358,000.00	0.1980
480-110-014-1	\$2,110.68	\$353,000.00	0.1879
480-110-015-2	\$2,110.68	\$356,809.00	0.1857
480-110-016-3	\$2,110.68	\$309,000.00	0.1951
480-110-017-4	\$2,110.68	\$341,000.00	0.1829
480-110-018-5	\$2,110.68	\$356,000.00	0.1750
480-110-019-6	\$2,110.68	\$355,969.00	0.1656
480-110-020-6	\$2,110.68	\$348,840.00	0.1656
480-110-021-7	\$2,110.68	\$355,000.00	0.1656
480-110-022-8	\$2,110.68	\$373,000.00	0.1656
480-110-023-9	\$2,110.68	\$356,000.00	0.1835
480-110-024-0	\$2,110.68	\$356,000.00	0.1775
480-110-025-1	\$2,110.68	\$358,000.00	0.2138
480-110-026-2	\$2,110.68	\$362,000.00	0.3401
480-110-027-3	\$2,110.68	\$362,000.00	0.2886
480-110-028-4	\$2,110.68	\$362,000.00	0.3434
480-110-029-5	\$2,110.68	\$331,500.00	0.1990
480-110-030-5	\$2,110.68	\$356,000.00	0.1887
480-110-031-6	\$2,110.68	\$358,000.00	0.1887
480-110-032-7	\$2,110.68	\$356,000.00	0.1887
480-110-033-8	\$2,110.68	\$358,000.00	0.1791
480-110-034-9	\$2,110.68	\$351,000.00	0.1791
480-110-035-0	\$2,110.68	\$356,000.00	0.1839
480-110-036-1	\$0.00	\$8.00	0.3615
480-110-037-2	\$0.00	\$8.00	1.3400
480-120-001-0	\$2,110.68	\$361,000.00	0.2644
480-120-002-1	\$2,110.68	\$338,000.00	0.2387
480-120-003-2	\$2,110.68	\$360,000.00	0.2199
480-120-004-3	\$2,110.68	\$335,000.00	0.2200
480-120-005-4	\$2,110.68	\$359,000.00	0.2200
480-120-006-5	\$2,110.68	\$351,000.00	0.2201
480-120-007-6	\$2,110.68	\$358,000.00	0.2201

APN	Levy	Total Assessed Value	Acreage
480-120-008-7	\$2,110.68	\$360,000.00	0.2201
480-120-009-8	\$2,110.68	\$348,370.00	0.2202
480-120-010-8	\$2,110.68	\$360,000.00	0.2202
480-120-011-9	\$2,110.68	\$373,000.00	0.2217
480-120-012-0	\$2,110.68	\$351,000.00	0.2104
480-120-013-1	\$2,110.68	\$359,000.00	0.2142
480-120-014-2	\$2,110.68	\$363,000.00	0.4876
480-120-015-3	\$2,110.68	\$361,000.00	0.2640
480-120-016-4	\$2,110.68	\$351,000.00	0.2111
480-120-017-5	\$2,110.68	\$356,000.00	0.2089
480-120-018-6	\$2,110.68	\$351,000.00	0.2089
480-120-019-7	\$2,110.68	\$353,694.00	0.2089
480-120-020-7	\$2,110.68	\$351,000.00	0.2089
480-120-021-8	\$2,110.68	\$373,000.00	0.2089
480-120-022-9	\$2,110.68	\$366,000.00	0.2089
480-120-023-0	\$2,110.68	\$356,000.00	0.2103
480-120-024-1	\$2,110.68	\$360,000.00	0.2212
480-120-025-2	\$2,110.68	\$298,000.00	0.2017
480-120-026-3	\$2,110.68	\$343,443.00	0.1892
480-120-027-4	\$2,110.68	\$351,000.00	0.1959
480-120-028-5	\$2,110.68	\$358,401.00	0.2001
480-120-029-6	\$2,110.68	\$342,650.00	0.1937
480-120-030-6	\$2,110.68	\$366,000.00	0.1825
480-120-031-7	\$2,110.68	\$358,000.00	0.1825
480-120-032-8	\$2,110.68	\$351,000.00	0.1825
480-120-033-9	\$2,110.68	\$356,000.00	0.1825
480-120-034-0	\$2,110.68	\$355,062.00	0.1825
480-120-035-1	\$2,110.68	\$351,000.00	0.1829
480-120-036-2	\$2,110.68	\$373,000.00	0.2026
480-120-037-3	\$2,110.68	\$351,000.00	0.1853
480-120-038-4	\$2,110.68	\$354,537.00	0.1936
480-120-039-5	\$2,110.68	\$366,000.00	0.1901
480-120-040-5	\$2,110.68	\$356,000.00	0.2028
480-120-041-6	\$2,110.68	\$359,000.00	0.2118
480-120-042-7	\$2,110.68	\$356,000.00	0.3121
480-121-001-3	\$2,110.68	\$415,000.00	0.1924
480-121-002-4	\$2,110.68	\$351,000.00	0.2079
480-121-003-5	\$2,110.68	\$354,511.00	0.1759
480-121-004-6	\$2,110.68	\$351,000.00	0.1735
480-121-005-7	\$2,110.68	\$351,000.00	0.1903
480-121-006-8	\$2,110.68	\$351,000.00	0.1855
480-121-007-9	\$1,882.68	\$327,000.00	0.1826
480-121-008-0	\$1,996.68	\$314,000.00	0.1756
480-121-009-1	\$1,768.66	\$271,000.00	0.2435
480-121-010-1	\$1,882.68	\$277,000.00	0.2661
480-121-011-2	\$1,996.68	\$319,000.00	0.2893
480-130-001-1	\$2,110.68	\$351,000.00	0.2104
480-130-002-2	\$2,110.68	\$334,000.00	0.2048
480-130-003-3	\$2,110.68	\$359,000.00	0.2195
480-130-004-4	\$2,110.68	\$336,000.00	0.2213

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-130-005-5	\$2,110.68	\$360,000.00	0.2181
480-130-006-6	\$2,110.68	\$333,994.00	0.2139
480-130-007-7	\$2,110.68	\$381,000.00	0.3860
480-130-008-8	\$2,110.68	\$345,000.00	0.2920
480-130-009-9	\$2,110.68	\$364,000.00	0.3343
480-130-010-9	\$2,110.68	\$334,000.00	0.1952
480-130-011-0	\$2,110.68	\$358,000.00	0.1797
480-130-012-1	\$2,110.68	\$351,000.00	0.1975
480-130-013-2	\$2,110.68	\$359,000.00	0.2133
480-130-014-3	\$2,110.68	\$359,000.00	0.2236
480-130-015-4	\$2,110.68	\$334,000.00	0.2114
480-130-016-5	\$2,110.68	\$373,000.00	0.2020
480-130-017-6	\$2,110.68	\$334,000.00	0.1900
480-130-018-7	\$1,882.68	\$310,000.00	0.1777
480-130-019-8	\$1,768.66	\$316,200.00	0.1702
480-130-020-8	\$1,996.68	\$314,000.00	0.1751
480-130-021-9	\$1,768.66	\$266,000.00	0.1793
480-130-022-0	\$1,768.66	\$266,000.00	0.1872
480-130-023-1	\$1,996.68	\$315,000.00	0.1931
480-130-024-2	\$1,882.68	\$326,400.00	0.1970
480-130-025-3	\$1,882.68	\$322,116.00	0.1902
480-130-026-4	\$1,882.68	\$327,000.00	0.1840
480-130-027-5	\$1,882.68	\$238,500.00	0.1926
480-130-028-6	\$1,882.68	\$274,000.00	0.1708
480-130-029-7	\$1,882.68	\$266,000.00	0.1772
480-130-030-7	\$1,882.68	\$327,000.00	0.1716
480-130-031-8	\$2,110.68	\$311,671.00	0.1723
480-130-032-9	\$1,882.68	\$274,000.00	0.1716
480-130-033-0	\$1,882.68	\$266,000.00	0.1756
480-130-034-1	\$1,882.68	\$321,035.00	0.1732
480-130-035-2	\$2,110.68	\$333,190.00	0.1608
480-130-036-3	\$1,882.68	\$273,000.00	0.1608
480-130-037-4	\$1,882.68	\$322,949.00	0.1660
480-130-038-5	\$1,882.68	\$318,579.00	0.1652
480-130-039-6	\$2,110.68	\$358,000.00	0.1805
480-130-040-6	\$2,110.68	\$357,000.00	0.2136
480-130-041-7	\$2,110.68	\$378,000.00	0.2496
480-130-042-8	\$2,110.68	\$351,000.00	0.2094
480-130-043-9	\$2,110.68	\$362,000.00	0.2807
480-130-044-0	\$2,110.68	\$352,000.00	0.2273
480-130-045-1	\$2,110.68	\$359,000.00	0.2135
480-130-046-2	\$2,110.68	\$351,000.00	0.1992
480-130-047-3	\$2,110.68	\$359,172.00	0.1939
480-130-048-4	\$2,110.68	\$351,865.00	0.2030
480-130-049-5	\$2,110.68	\$351,000.00	0.2128
480-140-001-2	\$2,110.68	\$351,000.00	0.2234
480-140-002-3	\$2,110.68	\$359,000.00	0.2155
480-140-003-4	\$2,110.68	\$356,000.00	0.1905
480-140-004-5	\$2,110.68	\$358,000.00	0.1891
480-140-005-6	\$2,110.68	\$356,000.00	0.1752

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-140-006-7	\$2,110.68	\$358,000.00	0.1784
480-140-007-8	\$1,768.66	\$266,000.00	0.1832
480-140-008-9	\$1,882.68	\$327,000.00	0.1960
480-140-009-0	\$1,996.68	\$315,000.00	0.1919
480-141-001-5	\$1,996.68	\$315,000.00	0.1783
480-141-002-6	\$1,882.68	\$327,000.00	0.1783
480-141-003-7	\$1,768.66	\$266,000.00	0.1783
480-141-004-8	\$2,110.68	\$351,000.00	0.1848
480-141-005-9	\$2,110.68	\$356,989.00	0.1759
480-141-006-0	\$2,110.68	\$356,000.00	0.1759
480-141-007-1	\$2,110.68	\$355,648.00	0.1818
480-141-008-2	\$2,110.68	\$351,000.00	0.1781
480-141-009-3	\$1,882.68	\$329,884.00	0.2550
480-141-010-3	\$1,768.66	\$270,000.00	0.2249
480-141-011-4	\$1,882.68	\$275,000.00	0.2076
480-141-012-5	\$1,996.68	\$315,000.00	0.1928
480-141-013-6	\$1,882.68	\$327,000.00	0.1928
480-141-014-7	\$1,768.66	\$266,000.00	0.1928
480-141-015-8	\$1,882.68	\$275,000.00	0.2044
480-142-001-8	\$1,768.66	\$266,000.00	0.1713
480-142-002-9	\$1,882.68	\$323,000.00	0.1648
480-142-003-0	\$1,882.68	\$327,000.00	0.1930
480-142-004-1	\$1,882.68	\$339,969.00	0.1735
480-142-005-2	\$1,882.68	\$274,000.00	0.1770
480-142-006-3	\$1,996.68	\$314,000.00	0.1806
480-142-007-4	\$1,882.68	\$327,000.00	0.1806
480-142-008-5	\$1,768.66	\$266,000.00	0.1922
480-142-009-6	\$1,882.68	\$274,000.00	0.1906
480-142-010-6	\$1,882.68	\$331,000.00	0.2850
480-142-011-7	\$2,110.68	\$319,000.00	0.2827
480-142-012-8	\$1,768.66	\$266,000.00	0.2006
480-142-013-9	\$1,882.68	\$279,000.00	0.2499
480-142-014-0	\$1,768.66	\$266,000.00	0.2068
480-142-015-1	\$2,110.68	\$317,000.00	0.2123
480-142-016-2	\$1,882.68	\$327,000.00	0.2004
480-142-017-3	\$2,110.68	\$318,000.00	0.2230
480-142-018-4	\$1,882.68	\$274,000.00	0.2007
480-142-019-5	\$1,768.66	\$268,000.00	0.2098
480-142-020-5	\$1,882.68	\$274,000.00	0.1924
480-142-021-6	\$1,996.68	\$397,605.00	0.1940
480-142-022-7	\$1,882.68	\$325,000.00	0.2601
480-143-001-1	\$1,882.68	\$268,000.00	0.1829
480-143-002-2	\$1,768.66	\$253,000.00	0.1710
480-143-003-3	\$1,882.68	\$314,000.00	0.1737
480-143-004-4	\$1,996.68	\$307,000.00	0.1754
480-143-005-5	\$1,768.66	\$260,000.00	0.1783
480-143-006-6	\$1,996.68	\$310,000.00	0.1821
480-143-007-7	\$1,768.66	\$263,000.00	0.1830
480-143-008-8	\$1,768.66	\$264,000.00	0.1845
480-143-009-9	\$1,996.68	\$312,000.00	0.1833



<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-143-010-9	\$1,768.66	\$265,000.00	0.1926
480-143-011-0	\$1,768.66	\$265,000.00	0.1911
480-143-012-1	\$1,996.68	\$314,000.00	0.2061
480-143-013-2	\$1,882.68	\$327,000.00	0.2237
480-143-014-3	\$1,882.68	\$275,000.00	0.2649
480-143-015-4	\$1,882.68	\$331,000.00	0.2290
480-143-016-5	\$2,110.68	\$318,000.00	0.2156
480-150-001-3	\$1,882.68	\$278,000.00	0.2677
480-150-002-4	\$1,882.68	\$266,000.00	0.1791
480-150-003-5	\$1,882.68	\$327,000.00	0.1791
480-150-004-6	\$2,110.68	\$314,000.00	0.1795
480-150-005-7	\$1,882.68	\$275,000.00	0.2116
480-150-006-8	\$1,882.68	\$346,000.00	0.2853
480-150-007-9	\$1,882.68	\$277,000.00	0.2308
480-150-008-0	\$2,110.68	\$314,000.00	0.1619
480-150-009-1	\$1,882.68	\$266,000.00	0.1690
480-150-010-1	\$1,882.68	\$327,000.00	0.1699
480-150-011-2	\$2,110.68	\$362,054.00	0.1695
480-150-012-3	\$1,882.68	\$339,990.00	0.1731
480-150-013-4	\$1,882.68	\$266,000.00	0.1742
480-150-014-5	\$1,882.68	\$274,000.00	0.1783
480-150-015-6	\$1,996.68	\$314,000.00	0.1795
480-150-016-7	\$1,882.68	\$274,000.00	0.1974
480-150-017-8	\$0.00	\$8.00	2.5200
480-150-018-9	\$0.00	\$8.00	0.8329
480-151-001-6	\$1,996.68	\$313,038.00	0.1702
480-151-002-7	\$1,882.68	\$274,000.00	0.1675
480-151-003-8	\$1,882.68	\$266,000.00	0.1702
480-151-004-9	\$1,882.68	\$327,000.00	0.1747
480-151-005-0	\$2,110.68	\$314,000.00	0.1764
480-151-006-1	\$1,882.68	\$274,000.00	0.1792
480-151-007-2	\$1,768.66	\$250,000.00	0.1766
480-151-008-3	\$1,882.68	\$327,000.00	0.1768
480-151-009-4	\$2,110.68	\$280,000.00	0.1814
480-151-010-4	\$1,882.68	\$275,400.00	0.1850
480-151-011-5	\$1,882.68	\$266,000.00	0.1876
480-151-012-6	\$1,882.68	\$274,000.00	0.1924
480-151-013-7	\$0.00	\$8.00	0.3334
480-152-001-9	\$1,768.66	\$270,000.00	0.2296
480-152-002-0	\$1,882.68	\$270,000.00	0.2342
480-152-003-1	\$1,768.66	\$266,000.00	0.1908
480-152-004-2	\$1,882.68	\$327,000.00	0.1974
480-152-005-3	\$1,996.68	\$314,000.00	0.1788
480-152-006-4	\$1,882.68	\$275,400.00	0.1663
480-152-007-5	\$1,882.68	\$255,000.00	0.1658
480-152-008-6	\$1,882.68	\$267,000.00	0.2047
480-152-009-7	\$2,110.68	\$310,000.00	0.2607
480-152-010-7	\$1,882.68	\$277,000.00	0.2304
480-152-011-8	\$2,110.68	\$296,998.00	0.2131
480-152-012-9	\$1,768.66	\$266,000.00	0.1795

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-152-013-0	\$1,882.68	\$327,000.00	0.1874
480-152-014-1	\$1,882.68	\$266,000.00	0.1977
480-152-015-2	\$0.00	\$8.00	0.0828

**Murrieta Valley Unified School District****Public Financing Authority**

2013 Revenue Refunding Bonds

Parcel Listing - CFD No. 2003-3

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
910-450-001	\$1,399.16	\$215,000.00	0.1139
910-450-002	\$1,454.16	\$222,000.00	0.1103
910-450-003	\$1,454.16	\$228,000.00	0.0996
910-450-004	\$1,454.16	\$222,000.00	0.0925
910-450-005	\$1,454.16	\$227,000.00	0.0854
910-450-006	\$1,454.16	\$222,000.00	0.0961
910-450-007	\$1,399.16	\$216,000.00	0.0930
910-450-008	\$1,454.16	\$226,000.00	0.1566
910-450-009	\$1,454.16	\$227,000.00	0.0818
910-450-010	\$1,454.16	\$221,000.00	0.0889
910-450-011	\$1,399.16	\$205,020.00	0.0925
910-450-012	\$1,454.16	\$215,811.00	0.0995
910-450-013	\$1,454.16	\$222,000.00	0.0996
910-450-014	\$1,454.16	\$189,666.00	0.1003
910-450-015	\$1,399.16	\$215,000.00	0.1139
910-450-016	\$1,454.16	\$214,783.00	0.1206
910-450-017	\$1,454.16	\$189,666.00	0.1067
910-450-018	\$1,454.16	\$228,000.00	0.1174
910-450-019	\$1,399.16	\$203,480.00	0.1093
910-450-020	\$1,454.16	\$237,000.00	0.1015
910-450-021	\$1,454.16	\$228,000.00	0.1074
910-450-022	\$1,399.16	\$215,000.00	0.1078
910-450-023	\$1,454.16	\$222,000.00	0.1074
910-450-024	\$1,454.16	\$228,000.00	0.1074
910-450-025	\$1,454.16	\$229,500.00	0.1074
910-450-026	\$1,399.16	\$179,413.00	0.1067
910-450-027	\$1,454.16	\$228,000.00	0.1139
910-450-028	\$1,454.16	\$225,000.00	0.2064
910-450-029	\$1,454.16	\$223,000.00	0.1387
910-450-030	\$1,454.16	\$229,000.00	0.1458
910-450-031	\$1,399.16	\$215,000.00	0.1209
910-450-032	\$1,454.16	\$222,000.00	0.1174
910-450-033	\$1,454.16	\$212,478.00	0.2099
910-450-034	\$1,454.16	\$223,000.00	0.1388
910-450-035	\$1,399.16	\$219,300.00	0.1101
910-450-036	\$1,454.16	\$228,000.00	0.1103
910-450-037	\$1,454.16	\$221,000.00	0.0854
910-450-038	\$1,399.16	\$204,000.00	0.0996
910-450-039	\$1,454.16	\$210,672.00	0.0961
910-450-040	\$1,454.16	\$228,000.00	0.1032
910-450-041	\$1,399.16	\$215,812.00	0.1103
910-450-042	\$1,454.16	\$220,949.00	0.1139
910-450-043	\$1,454.16	\$228,000.00	0.0971
910-450-044	\$1,454.16	\$221,450.00	0.0929
910-450-045	\$1,399.16	\$207,590.00	0.0929

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
910-450-046	\$1,454.16	\$227,000.00	0.0929
910-450-047	\$1,454.16	\$221,000.00	0.0664
910-450-048	\$1,454.16	\$228,000.00	0.1034
910-450-049	\$1,399.16	\$215,000.00	0.1209
910-450-050	\$1,454.16	\$220,000.00	0.1566
910-450-051	\$1,454.16	\$230,000.00	0.1423
910-450-052	\$1,454.16	\$223,000.00	0.1423
910-450-053	\$1,454.16	\$226,089.00	0.1174
910-450-054	\$1,399.16	\$215,000.00	0.1085
910-450-055	\$1,454.16	\$205,044.00	0.1085
910-450-056	\$1,454.16	\$227,000.00	0.1085
910-450-057	\$1,399.16	\$204,000.00	0.1085
910-450-058	\$1,454.16	\$222,000.00	0.1133
910-450-059	\$1,454.16	\$228,000.00	0.1174
910-450-060	\$1,454.16	\$188,064.00	0.0929
910-450-061	\$1,454.16	\$227,000.00	0.0929
910-450-062	\$1,454.16	\$221,000.00	0.0929
910-450-063	\$1,399.16	\$215,000.00	0.1032
910-450-064	\$1,454.16	\$221,000.00	0.0930
910-450-065	\$1,454.16	\$223,803.00	0.9963
910-450-066	\$1,454.16	\$228,000.00	0.1174
910-450-067	\$1,399.16	\$216,000.00	0.1245
910-450-068	\$1,454.16	\$216,240.00	0.1317
910-450-069	\$1,454.16	\$228,000.00	0.1139
910-450-070	\$1,399.16	\$219,300.00	0.0925
910-450-071	\$1,454.16	\$228,000.00	0.1067
910-450-072	\$1,454.16	\$222,000.00	0.0826
910-450-073	\$0.00	\$10.00	0.0000
910-450-074	\$0.00	\$10.00	0.0000
910-450-075	\$0.00	\$10.00	0.1420
910-450-076	\$0.00	\$10.00	0.0000
910-450-078	\$0.00	\$10.00	0.0000
910-460-001	\$1,454.16	\$223,000.00	0.1180
910-460-002	\$1,399.16	\$210,673.00	0.1436
910-460-003	\$1,454.16	\$228,000.00	0.1141
910-460-004	\$1,454.16	\$222,000.00	0.1103
910-460-005	\$1,399.16	\$215,000.00	0.0925
910-460-006	\$1,454.16	\$227,000.00	0.0941
910-460-007	\$1,454.16	\$199,919.00	0.0877
910-460-008	\$1,454.16	\$227,000.00	0.0929
910-460-009	\$1,399.16	\$215,000.00	0.0929
910-460-010	\$1,454.16	\$221,000.00	0.0929
910-460-011	\$1,454.16	\$227,000.00	0.0929
910-460-012	\$1,454.16	\$222,000.00	0.0929
910-460-013	\$1,454.16	\$243,000.00	0.0929
910-460-014	\$1,454.16	\$230,000.00	0.1174
910-460-015	\$1,454.16	\$223,890.00	0.1537
910-460-016	\$1,454.16	\$229,500.00	0.2099
910-460-017	\$1,454.16	\$215,811.00	0.1319
910-460-018	\$1,454.16	\$223,000.00	0.1319

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
910-460-019	\$1,454.16	\$229,000.00	0.1277
910-460-020	\$1,454.16	\$188,598.00	0.1239
910-460-021	\$1,454.16	\$223,000.00	0.1388
910-460-022	\$1,454.16	\$215,811.00	0.1921
910-460-023	\$1,454.16	\$200,000.00	0.1316
910-460-024	\$1,399.16	\$218,000.00	0.1458
910-460-025	\$1,454.16	\$228,000.00	0.1101
910-460-026	\$1,454.16	\$184,541.00	0.1101
910-460-027	\$1,454.16	\$229,000.00	0.1459
910-460-028	\$1,399.16	\$183,925.00	0.1101
910-460-029	\$1,454.16	\$215,000.00	0.1101
910-460-030	\$1,399.16	\$188,385.00	0.1101
910-460-031	\$1,454.16	\$228,000.00	0.1101
910-460-032	\$1,454.16	\$222,000.00	0.1101
910-460-033	\$1,454.16	\$219,229.00	0.1101
910-460-034	\$1,399.16	\$215,000.00	0.1101
910-460-035	\$1,454.16	\$223,000.00	0.1174
910-460-036	\$1,399.16	\$184,541.00	0.0929
910-460-037	\$1,454.16	\$227,000.00	0.0929
910-460-038	\$1,454.16	\$221,000.00	0.0929
910-460-039	\$1,454.16	\$227,000.00	0.0929
910-460-040	\$1,454.16	\$221,000.00	0.0929
910-460-041	\$1,454.16	\$189,666.00	0.1317
910-460-042	\$1,399.16	\$215,000.00	0.1012
910-460-043	\$1,454.16	\$222,000.00	0.1012
910-460-044	\$1,454.16	\$228,000.00	0.1012
910-460-045	\$1,454.16	\$184,980.00	0.1012
910-460-046	\$1,454.16	\$228,000.00	0.1012
910-460-047	\$1,399.16	\$215,000.00	0.1012
910-460-048	\$1,454.16	\$223,000.00	0.1317
910-460-049	\$1,399.16	\$215,000.00	0.0996
910-460-050	\$1,454.16	\$227,000.00	0.0929
910-460-051	\$1,454.16	\$221,000.00	0.0929
910-460-052	\$1,454.16	\$222,870.00	0.0929
910-460-053	\$1,399.16	\$215,000.00	0.0929
910-460-054	\$1,454.16	\$227,000.00	0.0930
910-460-055	\$1,454.16	\$221,000.00	0.0929
910-460-056	\$1,454.16	\$228,000.00	0.0996
910-460-057	\$1,399.16	\$215,000.00	0.0929
910-460-058	\$1,454.16	\$225,550.00	0.0929
910-460-059	\$1,454.16	\$220,951.00	0.0929
910-460-060	\$1,454.16	\$227,000.00	0.0929
910-460-061	\$1,399.16	\$204,000.00	0.0929
910-460-062	\$1,454.16	\$228,000.00	0.0930
910-460-063	\$1,454.16	\$222,000.00	0.1068
910-460-064	\$1,454.16	\$228,000.00	0.0981
910-460-065	\$1,399.16	\$215,000.00	0.0776
910-460-066	\$1,454.16	\$222,000.00	0.1005
910-460-067	\$1,454.16	\$225,000.00	0.0939
910-460-068	\$1,399.16	\$215,000.00	0.0929

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
910-460-069	\$0.00	\$10.00	0.0000
910-460-070	\$0.00	\$10.00	1.2800
910-460-071	\$0.00	\$10.00	0.0000
910-460-072	\$0.00	\$10.00	0.1396
910-460-073	\$0.00	\$10.00	0.4092
910-460-074	\$0.00	\$10.00	2.0400

**Murrieta Valley Unified School District****Public Financing Authority**

2013 Revenue Refunding Bonds

Parcel Listing - CFD No. 2004-1

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-100-001	\$0.00	\$8.00	12.3900
480-110-001	\$2,110.68	\$359,335.00	0.2695
480-110-002	\$2,110.68	\$353,000.00	0.2627
480-110-003	\$2,110.68	\$358,000.00	0.2063
480-110-004	\$2,110.68	\$355,000.00	0.2470
480-110-005	\$2,110.68	\$353,875.00	0.2717
480-110-006	\$2,110.68	\$373,000.00	0.3654
480-110-007	\$2,110.68	\$367,000.00	0.3936
480-110-008	\$2,110.68	\$351,000.00	0.2218
480-110-009	\$2,110.68	\$351,979.00	0.1924
480-110-010	\$2,110.68	\$351,000.00	0.1951
480-110-011	\$2,110.68	\$364,548.00	0.1843
480-110-012	\$2,110.68	\$333,000.00	0.1834
480-110-013	\$2,110.68	\$358,000.00	0.1980
480-110-014	\$2,110.68	\$353,000.00	0.1879
480-110-015	\$2,110.68	\$356,809.00	0.1857
480-110-016	\$2,110.68	\$309,000.00	0.1951
480-110-017	\$2,110.68	\$341,000.00	0.1829
480-110-018	\$2,110.68	\$356,000.00	0.1750
480-110-019	\$2,110.68	\$355,969.00	0.1656
480-110-020	\$2,110.68	\$348,840.00	0.1656
480-110-021	\$2,110.68	\$355,000.00	0.1656
480-110-022	\$2,110.68	\$373,000.00	0.1656
480-110-023	\$2,110.68	\$356,000.00	0.1835
480-110-024	\$2,110.68	\$356,000.00	0.1775
480-110-025	\$2,110.68	\$358,000.00	0.2138
480-110-026	\$2,110.68	\$362,000.00	0.3401
480-110-027	\$2,110.68	\$362,000.00	0.2886
480-110-028	\$2,110.68	\$362,000.00	0.3434
480-110-029	\$2,110.68	\$331,500.00	0.1990
480-110-030	\$2,110.68	\$356,000.00	0.1887
480-110-031	\$2,110.68	\$358,000.00	0.1887
480-110-032	\$2,110.68	\$356,000.00	0.1887
480-110-033	\$2,110.68	\$358,000.00	0.1791
480-110-034	\$2,110.68	\$351,000.00	0.1791
480-110-035	\$2,110.68	\$356,000.00	0.1839
480-110-036	\$0.00	\$8.00	0.3615
480-110-037	\$0.00	\$8.00	1.3400
480-120-001	\$2,110.68	\$361,000.00	0.2644
480-120-002	\$2,110.68	\$338,000.00	0.2387
480-120-003	\$2,110.68	\$360,000.00	0.2199
480-120-004	\$2,110.68	\$335,000.00	0.2200
480-120-005	\$2,110.68	\$359,000.00	0.2200
480-120-006	\$2,110.68	\$351,000.00	0.2201
480-120-007	\$2,110.68	\$358,000.00	0.2201

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-120-008	\$2,110.68	\$360,000.00	0.2201
480-120-009	\$2,110.68	\$348,370.00	0.2202
480-120-010	\$2,110.68	\$360,000.00	0.2202
480-120-011	\$2,110.68	\$373,000.00	0.2217
480-120-012	\$2,110.68	\$351,000.00	0.2104
480-120-013	\$2,110.68	\$359,000.00	0.2142
480-120-014	\$2,110.68	\$363,000.00	0.4876
480-120-015	\$2,110.68	\$361,000.00	0.2640
480-120-016	\$2,110.68	\$351,000.00	0.2111
480-120-017	\$2,110.68	\$356,000.00	0.2089
480-120-018	\$2,110.68	\$351,000.00	0.2089
480-120-019	\$2,110.68	\$353,694.00	0.2089
480-120-020	\$2,110.68	\$351,000.00	0.2089
480-120-021	\$2,110.68	\$373,000.00	0.2089
480-120-022	\$2,110.68	\$366,000.00	0.2089
480-120-023	\$2,110.68	\$356,000.00	0.2103
480-120-024	\$2,110.68	\$360,000.00	0.2212
480-120-025	\$2,110.68	\$298,000.00	0.2017
480-120-026	\$2,110.68	\$343,443.00	0.1892
480-120-027	\$2,110.68	\$351,000.00	0.1959
480-120-028	\$2,110.68	\$358,401.00	0.2001
480-120-029	\$2,110.68	\$342,650.00	0.1937
480-120-030	\$2,110.68	\$366,000.00	0.1825
480-120-031	\$2,110.68	\$358,000.00	0.1825
480-120-032	\$2,110.68	\$351,000.00	0.1825
480-120-033	\$2,110.68	\$356,000.00	0.1825
480-120-034	\$2,110.68	\$355,062.00	0.1825
480-120-035	\$2,110.68	\$351,000.00	0.1829
480-120-036	\$2,110.68	\$373,000.00	0.2026
480-120-037	\$2,110.68	\$351,000.00	0.1853
480-120-038	\$2,110.68	\$354,537.00	0.1936
480-120-039	\$2,110.68	\$366,000.00	0.1901
480-120-040	\$2,110.68	\$356,000.00	0.2028
480-120-041	\$2,110.68	\$359,000.00	0.2118
480-120-042	\$2,110.68	\$356,000.00	0.3121
480-121-001	\$2,110.68	\$415,000.00	0.1924
480-121-002	\$2,110.68	\$351,000.00	0.2079
480-121-003	\$2,110.68	\$354,511.00	0.1759
480-121-004	\$2,110.68	\$351,000.00	0.1735
480-121-005	\$2,110.68	\$351,000.00	0.1903
480-121-006	\$2,110.68	\$351,000.00	0.1855
480-121-007	\$1,882.68	\$327,000.00	0.1826
480-121-008	\$1,996.68	\$314,000.00	0.1756
480-121-009	\$1,768.66	\$271,000.00	0.2435
480-121-010	\$1,882.68	\$277,000.00	0.2661
480-121-011	\$1,996.68	\$319,000.00	0.2893
480-130-001	\$2,110.68	\$351,000.00	0.2104
480-130-002	\$2,110.68	\$334,000.00	0.2048
480-130-003	\$2,110.68	\$359,000.00	0.2195
480-130-004	\$2,110.68	\$336,000.00	0.2213



<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-130-005	\$2,110.68	\$360,000.00	0.2181
480-130-006	\$2,110.68	\$333,994.00	0.2139
480-130-007	\$2,110.68	\$381,000.00	0.3860
480-130-008	\$2,110.68	\$345,000.00	0.2920
480-130-009	\$2,110.68	\$364,000.00	0.3343
480-130-010	\$2,110.68	\$334,000.00	0.1952
480-130-011	\$2,110.68	\$358,000.00	0.1797
480-130-012	\$2,110.68	\$351,000.00	0.1975
480-130-013	\$2,110.68	\$359,000.00	0.2133
480-130-014	\$2,110.68	\$359,000.00	0.2236
480-130-015	\$2,110.68	\$334,000.00	0.2114
480-130-016	\$2,110.68	\$373,000.00	0.2020
480-130-017	\$2,110.68	\$334,000.00	0.1900
480-130-018	\$1,882.68	\$310,000.00	0.1777
480-130-019	\$1,768.66	\$316,200.00	0.1702
480-130-020	\$1,996.68	\$314,000.00	0.1751
480-130-021	\$1,768.66	\$266,000.00	0.1793
480-130-022	\$1,768.66	\$266,000.00	0.1872
480-130-023	\$1,996.68	\$315,000.00	0.1931
480-130-024	\$1,882.68	\$326,400.00	0.1970
480-130-025	\$1,882.68	\$322,116.00	0.1902
480-130-026	\$1,882.68	\$327,000.00	0.1840
480-130-027	\$1,882.68	\$238,500.00	0.1926
480-130-028	\$1,882.68	\$274,000.00	0.1708
480-130-029	\$1,882.68	\$266,000.00	0.1772
480-130-030	\$1,882.68	\$327,000.00	0.1716
480-130-031	\$2,110.68	\$311,671.00	0.1723
480-130-032	\$1,882.68	\$274,000.00	0.1716
480-130-033	\$1,882.68	\$266,000.00	0.1756
480-130-034	\$1,882.68	\$321,035.00	0.1732
480-130-035	\$2,110.68	\$333,190.00	0.1608
480-130-036	\$1,882.68	\$273,000.00	0.1608
480-130-037	\$1,882.68	\$322,949.00	0.1660
480-130-038	\$1,882.68	\$318,579.00	0.1652
480-130-039	\$2,110.68	\$358,000.00	0.1805
480-130-040	\$2,110.68	\$357,000.00	0.2136
480-130-041	\$2,110.68	\$378,000.00	0.2496
480-130-042	\$2,110.68	\$351,000.00	0.2094
480-130-043	\$2,110.68	\$362,000.00	0.2807
480-130-044	\$2,110.68	\$352,000.00	0.2273
480-130-045	\$2,110.68	\$359,000.00	0.2135
480-130-046	\$2,110.68	\$351,000.00	0.1992
480-130-047	\$2,110.68	\$359,172.00	0.1939
480-130-048	\$2,110.68	\$351,865.00	0.2030
480-130-049	\$2,110.68	\$351,000.00	0.2128
480-140-001	\$2,110.68	\$351,000.00	0.2234
480-140-002	\$2,110.68	\$359,000.00	0.2155
480-140-003	\$2,110.68	\$356,000.00	0.1905
480-140-004	\$2,110.68	\$358,000.00	0.1891
480-140-005	\$2,110.68	\$356,000.00	0.1752

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-140-006	\$2,110.68	\$358,000.00	0.1784
480-140-007	\$1,768.66	\$266,000.00	0.1832
480-140-008	\$1,882.68	\$327,000.00	0.1960
480-140-009	\$1,996.68	\$315,000.00	0.1919
480-141-001	\$1,996.68	\$315,000.00	0.1783
480-141-002	\$1,882.68	\$327,000.00	0.1783
480-141-003	\$1,768.66	\$266,000.00	0.1783
480-141-004	\$2,110.68	\$351,000.00	0.1848
480-141-005	\$2,110.68	\$356,989.00	0.1759
480-141-006	\$2,110.68	\$356,000.00	0.1759
480-141-007	\$2,110.68	\$355,648.00	0.1818
480-141-008	\$2,110.68	\$351,000.00	0.1781
480-141-009	\$1,882.68	\$329,884.00	0.2550
480-141-010	\$1,768.66	\$270,000.00	0.2249
480-141-011	\$1,882.68	\$275,000.00	0.2076
480-141-012	\$1,996.68	\$315,000.00	0.1928
480-141-013	\$1,882.68	\$327,000.00	0.1928
480-141-014	\$1,768.66	\$266,000.00	0.1928
480-141-015	\$1,882.68	\$275,000.00	0.2044
480-142-001	\$1,768.66	\$266,000.00	0.1713
480-142-002	\$1,882.68	\$323,000.00	0.1648
480-142-003	\$1,882.68	\$327,000.00	0.1930
480-142-004	\$1,882.68	\$339,969.00	0.1735
480-142-005	\$1,882.68	\$274,000.00	0.1770
480-142-006	\$1,996.68	\$314,000.00	0.1806
480-142-007	\$1,882.68	\$327,000.00	0.1806
480-142-008	\$1,768.66	\$266,000.00	0.1922
480-142-009	\$1,882.68	\$274,000.00	0.1906
480-142-010	\$1,882.68	\$331,000.00	0.2850
480-142-011	\$2,110.68	\$319,000.00	0.2827
480-142-012	\$1,768.66	\$266,000.00	0.2006
480-142-013	\$1,882.68	\$279,000.00	0.2499
480-142-014	\$1,768.66	\$266,000.00	0.2068
480-142-015	\$2,110.68	\$317,000.00	0.2123
480-142-016	\$1,882.68	\$327,000.00	0.2004
480-142-017	\$2,110.68	\$318,000.00	0.2230
480-142-018	\$1,882.68	\$274,000.00	0.2007
480-142-019	\$1,768.66	\$268,000.00	0.2098
480-142-020	\$1,882.68	\$274,000.00	0.1924
480-142-021	\$1,996.68	\$397,605.00	0.1940
480-142-022	\$1,882.68	\$325,000.00	0.2601
480-143-001	\$1,882.68	\$268,000.00	0.1829
480-143-002	\$1,768.66	\$253,000.00	0.1710
480-143-003	\$1,882.68	\$314,000.00	0.1737
480-143-004	\$1,996.68	\$307,000.00	0.1754
480-143-005	\$1,768.66	\$260,000.00	0.1783
480-143-006	\$1,996.68	\$310,000.00	0.1821
480-143-007	\$1,768.66	\$263,000.00	0.1830
480-143-008	\$1,768.66	\$264,000.00	0.1845
480-143-009	\$1,996.68	\$312,000.00	0.1833

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-143-010	\$1,768.66	\$265,000.00	0.1926
480-143-011	\$1,768.66	\$265,000.00	0.1911
480-143-012	\$1,996.68	\$314,000.00	0.2061
480-143-013	\$1,882.68	\$327,000.00	0.2237
480-143-014	\$1,882.68	\$275,000.00	0.2649
480-143-015	\$1,882.68	\$331,000.00	0.2290
480-143-016	\$2,110.68	\$318,000.00	0.2156
480-150-001	\$1,882.68	\$278,000.00	0.2677
480-150-002	\$1,882.68	\$266,000.00	0.1791
480-150-003	\$1,882.68	\$327,000.00	0.1791
480-150-004	\$2,110.68	\$314,000.00	0.1795
480-150-005	\$1,882.68	\$275,000.00	0.2116
480-150-006	\$1,882.68	\$346,000.00	0.2853
480-150-007	\$1,882.68	\$277,000.00	0.2308
480-150-008	\$2,110.68	\$314,000.00	0.1619
480-150-009	\$1,882.68	\$266,000.00	0.1690
480-150-010	\$1,882.68	\$327,000.00	0.1699
480-150-011	\$2,110.68	\$362,054.00	0.1695
480-150-012	\$1,882.68	\$339,990.00	0.1731
480-150-013	\$1,882.68	\$266,000.00	0.1742
480-150-014	\$1,882.68	\$274,000.00	0.1783
480-150-015	\$1,996.68	\$314,000.00	0.1795
480-150-016	\$1,882.68	\$274,000.00	0.1974
480-150-017	\$0.00	\$8.00	2.5200
480-150-018	\$0.00	\$8.00	0.8329
480-151-001	\$1,996.68	\$313,038.00	0.1702
480-151-002	\$1,882.68	\$274,000.00	0.1675
480-151-003	\$1,882.68	\$266,000.00	0.1702
480-151-004	\$1,882.68	\$327,000.00	0.1747
480-151-005	\$2,110.68	\$314,000.00	0.1764
480-151-006	\$1,882.68	\$274,000.00	0.1792
480-151-007	\$1,768.66	\$250,000.00	0.1766
480-151-008	\$1,882.68	\$327,000.00	0.1768
480-151-009	\$2,110.68	\$280,000.00	0.1814
480-151-010	\$1,882.68	\$275,400.00	0.1850
480-151-011	\$1,882.68	\$266,000.00	0.1876
480-151-012	\$1,882.68	\$274,000.00	0.1924
480-151-013	\$0.00	\$8.00	0.3334
480-152-001	\$1,768.66	\$270,000.00	0.2296
480-152-002	\$1,882.68	\$270,000.00	0.2342
480-152-003	\$1,768.66	\$266,000.00	0.1908
480-152-004	\$1,882.68	\$327,000.00	0.1974
480-152-005	\$1,996.68	\$314,000.00	0.1788
480-152-006	\$1,882.68	\$275,400.00	0.1663
480-152-007	\$1,882.68	\$255,000.00	0.1658
480-152-008	\$1,882.68	\$267,000.00	0.2047
480-152-009	\$2,110.68	\$310,000.00	0.2607
480-152-010	\$1,882.68	\$277,000.00	0.2304
480-152-011	\$2,110.68	\$296,998.00	0.2131
480-152-012	\$1,768.66	\$266,000.00	0.1795

<b>APN</b>	<b>Levy</b>	<b>Total Assessed Value</b>	<b>Acreage</b>
480-152-013	\$1,882.68	\$327,000.00	0.1874
480-152-014	\$1,882.68	\$266,000.00	0.1977
480-152-015	\$0.00	\$8.00	0.0828