

NEW ISSUE-FULL BOOK ENTRY

Rating: S&P: “_” (Insured)

S&P: “_” (Underlying)

See the caption “MISCELLANEOUS—Ratings”

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described in this Official Statement, 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 tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See the caption “LEGAL MATTERS — Tax Matters” herein.

\$16,065,000*

**CHULA VISTA MUNICIPAL FINANCING AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025**

Dated: Date of Delivery

Due: September 1 as shown on inside cover

The Bonds described herein are being issued by the Chula Vista Municipal Financing Authority (the “Authority”) to: (i) acquire certain special tax refunding bonds (the “Local Obligations”) of community facilities districts (and with respect to one of the community facilities districts, issued for an improvement area of such community facilities district) (collectively, the “Taxing Jurisdictions”), formed by and located in the City of Chula Vista; (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds; (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund to satisfy the Reserve Requirement; and (iv) pay costs of issuance of the Bonds. The Local Obligations are being issued to refund the Prior Bonds, as defined herein, and simultaneously defease the Authority’s outstanding Special Tax Refunding Revenue Bonds, Series 2015A. See “FINANCING PLAN.”

The Bonds are payable solely from Revenues pledged by the Authority pursuant to that certain Indenture of Trust, dated as of August 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Revenues consist primarily of debt service on the Local Obligations, which are payable from special taxes levied in the Taxing Jurisdictions.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year commencing March 1, 2026. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which will remit such payments to its participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to special mandatory redemption prior to maturity from redemption of Local Obligations which result from a prepayment of special taxes, as described herein. See “THE BONDS — Redemption.”

The scheduled payment of principal of and interest when due on the Bonds will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds by _____. The Bond Insurer will also issue a debt service reserve insurance policy concurrently with the issuance of the Bonds to be credited to the Reserve Fund for the Bonds to satisfy the Reserve Requirement. See “BOND INSURANCE” herein.

[Bond Insurer Logo]

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

***Maturity Schedule
(see inside cover)***

The Bonds are offered when, as and if issued and accepted by the Purchaser (as defined herein), subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the Community Facilities Districts by the City Attorney,

** Preliminary, subject to change.*

for the Trustee by its counsel and for the Bond Insurer by its Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about _____, 2025.

Dated: _____, 2025

MATURITY SCHEDULE

\$ _____

CHULA VISTA MUNICIPAL FINANCING AUTHORITY LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025

Serial Bonds					
<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>

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

CHULA VISTA MUNICIPAL FINANCING AUTHORITY

BOARD OF DIRECTORS

John McCann, *Chair*
Carolina Chavez, *Vice Chair*
Jose Preciado, *Director*
Michael Inzunza, *Director*
Cesar Fernandez, *Director*

CITY OF CHULA VISTA

CITY COUNCIL

John McCann, *Mayor*
Carolina Chavez, *Deputy Mayor*
Jose Preciado, *Councilmember*
Michael Inzunza, *Councilmember*
Cesar Fernandez, *Councilmember*

CITY OFFICIALS

Maria Kachadoorian, *City Manager**
Tiffany Allen, *Assistant City Manager**
Sarah Schoen, *Director of Finance/Treasurer*
Kerry K. Bigelow, *City Clerk*

PROFESSIONAL SERVICES

BOND COUNSEL / DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

CITY ATTORNEY

Marco Verdugo, Esq.

AUTHORITY TRUSTEE/DISTRICT TRUSTEE/ESCROW AGENT

Wilmington Trust, National Association
Costa Mesa, California

MUNICIPAL ADVISOR

Harrell & Company Advisors, LLC
Tustin, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

VERIFICATION AGENT

[_____]

* *The City Council has appointed Tiffany Allen as the City Manager upon Maria Kachadoorian's retirement, which is currently expected to occur in October 2025.*

Investment in the Bonds, involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand (either alone or with competent investment advice) those risks should consider such an investment.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Chula Vista Municipal Financing Authority, the City of Chula Vista, and the Community Facilities Districts. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, the Community Facilities Districts, the Trustee or the Purchaser to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City, the Community Facilities Districts, the Trustee or the Purchaser. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Community Facilities Districts, the City or the Authority. This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such are not to be construed as representations of fact.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the Community Facilities Districts or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Indentures or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the Authority, the City or the Community Facilities Districts. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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

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 Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption “MISCELLANEOUS — Continuing Disclosure” herein.

_____. (the “Bond Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading “BOND INSURANCE” and Appendix H — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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

[INSERT ALL MAPS]

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OFFICIAL STATEMENT

\$16,065,000*

CHULA VISTA MUNICIPAL FINANCING AUTHORITY LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of \$16,065,000* Chula Vista Municipal Financing Authority Local Agency Revenue Refunding Bonds, Series 2025 (the “Bonds”).

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

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Chula Vista Municipal Financing Authority (the “Authority”) to: (i) acquire the “Local Obligations” described below, (ii) purchase a municipal bond insurance policy (the “Insurance Policy”) issued by _____. (the “Bond Insurer” or “_____”) for the purpose of paying the principal of and interest on the Bonds when due, (iii) purchase a reserve policy issued by the Bond Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Surety Bond”) to satisfy the Reserve Requirement, and (iv) to pay costs of issuance of the Bonds. See “FINANCING PLAN” herein.

Purpose of the Local Obligations. The Local Obligations are being issued to provide funds to refund the Prior Bonds (as defined below) and simultaneously defease the Authority’s Special Tax Revenue Refunding Bonds, Series 2015A (the “2015 Bonds”). See “FINANCING PLAN” herein.

The Bonds; The Local Obligations

The Bonds. The Bonds are payable from “Revenues,” as defined below, generally consisting of revenues received by the Authority as the result of the payment of debt service on the Local Obligations, and amounts held in the funds and accounts established and held for the benefit of the Bonds under the Indenture (as defined below).

The Authority may issue Additional Bonds (as defined herein) payable from Revenues on a parity with the Bonds for the purpose of refunding all or any portion of the Bonds or Additional Bonds as provided in the Indenture (as defined herein).

Local Obligations. The “Local Obligations” consist of the four separate series of special tax refunding bonds described below issued by the following four community facilities districts formed by and located in the City of Chula Vista (the “City”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”):

* Preliminary, subject to change.

- (a) City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) (“CFD No. 2001-1”);
- (b) City of Chula Vista Community Facilities No. 07-I (Otay Ranch Village Eleven) (“CFD No. 07-I”);
- (c) City of Chula Vista Community Facilities District No. 12-I (McMillan Otay Ranch Village Seven) (“CFD No. 12-I”); and
- (d) City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven) (“CFD No. 13-I”).

CFD No. 2001-1, CFD No. 07-I, CFD No. 12-I and CFD No. 13-I, are each referred to herein as a “Community Facilities District” and collectively as the “Community Facilities Districts.”

CFD No. 2001-1 Improvement Area B 2025 Special Tax Refunding Bonds: \$2,395,000* City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) Improvement Area B 2025 Special Tax Refunding Bonds (the “CFD No. 2001-1 Improvement Area B Bonds”) are being issued by CFD No. 2001-1 to refund the outstanding City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) Improvement Area B Special Tax Refunding Bonds, Series 2015 (the “Prior CFD No. 2001-1 Improvement Area B Bonds”). The CFD No. 2001-1 Improvement Area B Bonds are payable from Special Taxes levied on taxable property in Improvement Area B of CFD No. 2001-1.

CFD No. 07-I 2025 Special Tax Refunding Bonds: \$7,000,000* City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) 2025 Special Tax Refunding Bonds (the “CFD No. 07-I 2025 Bonds”) are being issued by CFD No. 07-I to refund the outstanding City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) Special Tax Refunding Bonds, Series 2015 (the “Prior CFD No. 07-I Bonds”). The CFD No. 07-I 2025 Bonds are payable from Special Taxes levied on taxable property in CFD No. 07-I, on parity with the previously issued City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) 2024 Special Tax Refunding Bonds (the “CFD No. 07-I 2024 Bonds”), currently outstanding in the principal amount of \$8,635,000.

CFD No. 12-I 2025 Special Tax Refunding Bonds: \$5,125,000* City of Chula Vista Community Facilities District No. 12-I (McMillan Otay Ranch Village Seven) 2025 Special Tax Refunding Bonds (the “CFD No. 12-I Bonds”) are being issued by CFD No. 12-I to refund the outstanding City of Chula Vista Community Facilities District No. 12-I (McMillan Otay Ranch Village Seven) Special Tax Refunding Bonds, Series 2015 (the “Prior CFD No. 12-I Bonds”). The CFD No. 12-I Bonds are payable from Special Taxes levied on taxable property in CFD No. 12-I.

CFD No. 13-I 2025 Special Tax Refunding Bonds: \$1,545,000* City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven) 2025 Special Tax Refunding Bonds (the “CFD No. 13-I Bonds”) are being issued by CFD No. 13-I to refund the outstanding City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven) Special Tax Refunding Bonds, Series 2015 (the “Prior CFD No. 13-I Bonds”). The CFD No. 13-I Bonds are payable from Special Taxes levied on taxable property in CFD No. 13-I.

Improvement Area B of CFD No. 2001-1, CFD No. 07-I, CFD No. 12-I and CFD No. 13-I are collectively referred to in this Official Statement each as a “Taxing Jurisdiction” and collectively as the “Taxing Jurisdictions.”

* Preliminary, subject to change.

Each Community Facilities District may issue Local Obligation Parity Bonds (as defined herein) payable from its Special Taxes on a parity with its Local Obligations for the purpose of refunding all or a portion of its Local Obligations or its Local Obligation Parity Bonds, as provided in its Local Obligation Indenture (as defined herein).

The Prior CFD No. 2001-1 Improvement Area B Bonds, the Prior CFD No. 07-I Bonds, the Prior CFD No. 12-I Bonds and the Prior CFD No. 13-I Bonds are collectively referred to in this Official Statement as the “Prior Bonds.”

Legal Authority

The Bonds. 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 “Act”) and an Indenture of Trust dated as of August 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Local Obligations. The CFD No. 2001-1 Improvement Area B Bonds, the CFD No. 12-I Bonds and the CFD No. 13-I Bonds are being issued pursuant to the Mello-Roos Act and three separate bond indentures, dated as of August 1, 2025, each by and between the applicable Community Facilities District and Wilmington Trust, National Association, as trustee. The CFD No. 07-I 2025 Bonds are being issued pursuant to the Mello-Roos Act and a Bond Indenture, dated as of March 1, 2024, as supplemented by the First Supplement to Bond Indenture, dated as of August 1, 2025, each by and between CFD No. 07-I and Wilmington Trust, National Association, as trustee.

The foregoing indentures for the Local Obligations are each referred to herein as a “Local Obligation Indenture” and together, as the “Local Obligation Indentures.”

Sources of Payment for the Bonds and the Local Obligations

The Bonds. The Bonds are secured by a first lien on and pledge of all of the Revenues. “Revenues” are defined in the Indenture to include:

- (a) all amounts received from the 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 under the Indenture with respect to the Bonds (other than the Rebate Fund and the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

Certain Funds Not Pledged. Amounts held in the Rebate Fund and the Surplus Fund are not pledged to the repayment of the Bonds.

See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” herein.

Reserve Fund for the Bonds. A Reserve Fund for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. The Reserve Requirement for the Bonds, as of the date of issuance of the Bonds, equals \$_____. The Indenture establishes within the Reserve Fund an account with respect to each series of Local Obligations (each a “Reserve Account”). The Bond Insurer has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Surety Bond in the amount equal to the

Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” and “— Reserve Fund” herein.

Bond Insurance. Concurrently with the issuance of the Bonds, the Bond Insurer will issue the Insurance Policy for the Bonds. See the caption “BOND INSURANCE.” A specimen of the Insurance Policy is set forth in Appendix H.

Local Obligations. Each series of Local Obligations are secured by Net Special Taxes collected in the applicable Taxing Jurisdictions as a result of the levy of Special Taxes. Net Special Taxes are the Gross Taxes which remain after the payment of Administrative Expenses up to the amount permitted by the applicable Local Obligation Indenture. See “SECURITY FOR THE LOCAL OBLIGATIONS — Local Obligation Indentures.

The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded with the deposit therein of the Reserve Surety Bond and proceeds of the Local Obligations will be available in the event of delinquent Revenues to the extent set forth therein. See “SECURITY FOR THE BONDS — Reserve Fund” herein.

Description of the Bonds

Payments. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

Denominations. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

Redemption. The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to special mandatory redemption prior to maturity from redemption of Local Obligations which result from a prepayment of special taxes, as described herein. See “THE BONDS — Redemption” herein.

Registration, transfers and exchanges. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC. See “THE BONDS — Payment, Registration, Transfer and Exchange of Bonds” and “— Book-Entry Only System.”

The City

The City is located on the San Diego Bay in Southern California, approximately eight miles south of the City of San Diego and approximately seven miles north of the Mexico border, in an area generally known as “South Bay.” The City’s city limits cover approximately 50 square miles. Neighboring communities include the City of San Diego and National City to the north and the City of Imperial Beach and the communities of San Ysidro and Otay Mesa to the south. With a January 2025 estimated population of approximately 281,401, Chula Vista is the second largest city in the County. See “APPENDIX C - DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SAN DIEGO AND THE CITY OF CHULA VISTA” herein.

Neither the Bonds nor the Local Obligations are a debt of the City, and no revenues of the City are pledged to repayment of the Bonds or the Local Obligations.

The Authority

The Authority is a joint exercise of powers authority between the City and the Housing Authority of the City of Chula Vista organized and existing pursuant to the Act. The purpose of the Authority is to provide, through the issuance of revenue bonds, a financing pool to finance and refinance capital improvement projects. These revenue bonds are to be repaid solely from the revenues of certain local obligations. The Authority has no taxing power. The City Council acts as the governing body of the Authority.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel. The Office of the City Attorney, will render a legal opinion on certain matters for the Authority and the Community Facilities Districts. Harrell & Company Advisors, LLC, Tustin, California, is acting as Municipal Advisor to the City. Spicer Consulting Group, LLC, Murrieta, California is acting as Special Tax Consultant to the City. Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee with respect to the Bonds and the Local Obligations and Escrow Agent. _____, will provide escrow verification services. *Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.*

Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with Spicer Consulting Group, LLC, and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions by not later than March 31 following the end of its fiscal year (which currently ends June 30), commencing with the report for the 2024-25 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The first Annual Report will be due March 31, 2026. The Annual Report and notices of certain listed events (the “Listed Events”) will be filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board available on the Internet at <http://emma.msrb.org> (“EMMA”). The specific nature of the information to be contained in each Annual Report and any notices of the Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants will be made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). See “MISCELLANEOUS — Continuing Disclosure” herein.

FINANCING PLAN

Refunding Plan

In 2015, the Authority issued \$30,460,000 aggregate principal amount of the 2015 Bonds in order to purchase the Prior Bonds. On the date of issuance of the Bonds, a portion of the proceeds of the Bonds will be used to purchase the Local Obligations. These amounts will be transferred, together with certain existing funds on deposit with the fiscal agent related to the Prior Bonds, to an escrow fund (the “Refunding Fund”) which will be held under an Escrow Agreement, dated as of August 1, 2025, between the Authority and the Trustee, as Escrow Bank (the “Escrow Agreement”), to provide for the defeasance and refunding of the \$20,685,000 outstanding 2015 Bonds and a simultaneous refunding of the related Prior Bonds.

Moneys in the Refunding Fund will be invested in certain Federal Securities specified therein. The amount deposited in the Refunding Fund (together with interest earnings) will be sufficient to pay the regularly scheduled principal of, and interest on, the 2015 Bonds on September 1, 2025, and to redeem the remaining outstanding 2015 Bonds on October 1, 2025, without premium.

Upon the deposit of funds as provided in the Escrow Agreement, the 2015 Bonds and the related Prior Bonds will be legally defeased on such date of the issuance of the Bonds. Neither the moneys in the Refunding Fund nor the interest thereon will be available for the payment of the Bonds.

_____ will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the provided schedules to determine that the amounts listed in the schedules prepared by the Municipal Advisor, to be held under the Escrow Agreement, will be sufficient to pay, when due, the regularly scheduled principal of, and interest on, the 2015 Bonds on September 1, 2025, and the redemption price of the remaining 2015 Bonds.

The Prior Bonds to be refunded are currently outstanding in the following amounts, with the aggregate total thereof being equal to the outstanding amount of the 2015 Bonds to be refunded:

	<i>Principal Amount</i>
Prior CFD No. 2001-1 Improvement Area B Bonds	\$ 3,410,000
Prior CFD No. 07-I Bonds	9,190,000
Prior CFD No. 12-I Bonds	6,615,000
Prior CFD No. 13-I Bonds	<u>2,820,000</u>
Total	\$22,035,000

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds are as follows:

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	\$
Plus Original Issue Premium	
Less Purchaser's Discount	
Total Sources	<u>\$</u>
Uses:	
Purchase of Local Obligations ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	
Total Uses	<u><u>\$</u></u>

⁽¹⁾ Proceeds of the Bonds will be used to acquire the Local Obligations.

⁽²⁾ Includes Purchaser's discount. The Trustee will retain and deposit in the Costs of Issuance Fund each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

The Local Obligations. The Local Obligations to be purchased are as follows:

	<i>Principal Amount</i>
CFD No. 2001-1 Improvement Area B Bonds	
CFD No. 07-I 2025 Bonds	
CFD No. 12-I Bonds	
CFD No. 13-I Bonds	
Total	

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2026 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

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 as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a series provided to the Trustee, in writing, at least five (5) Business Days before the Record Date for such Interest Payment Date. The Bonds are issued in fully registered form and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “— Book-Entry Only System.”

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.

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 (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) 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 February 15, 2026, in which event it will bear interest from the Dated 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 Dated Date if no interest has been paid or made available for payment.

Redemption

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Special Redemption. The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from prepayments of Special Taxes within a Taxing Jurisdiction, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any Interest Payment Date from March 1, 2026 through March 1, 2032	103%
September 1, 2032 and March 1, 2033	102
September 1, 2033 and March 1, 2034	101
March 1, 2035 and any Interest Payment Date thereafter	100

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be sent by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners, who are to be

notified in accordance with the procedures in effect for the DTC book-entry system. See Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

The Trustee on behalf, and at the expense of, the Authority shall send 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 thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so sent nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition to the foregoing notice, further notice shall be sent by the Trustee in said form to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided under the Indenture, whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall 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 shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be 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. All Bonds redeemed pursuant to the Indenture will be cancelled and destroyed.

Payment, Registration, Transfer and Exchange of Bonds

Book-Entry Only System. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix B) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS — Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “THE BONDS — Book-Entry Only System.”

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, any Bond may in accordance with its terms, be transferred, upon the Bond Register, by the person in whose name it is registered,

in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer pursuant to the Indenture nor will any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Exchange of Bonds. Subject to the book-entry only provisions of the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange pursuant to the Indenture, nor will any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority.

Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered thereunder.

Bond Register. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and will at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as provided in the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued under the Indenture is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it is given, at the expense of the Bond Owner, the Authority will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will

be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Book-Entry Only System

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and *not* the Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.**

Debt Service Schedules: Bonds and Local Obligations

The following table presents the annual debt service schedule for the Bonds, assuming there are no early redemptions of Bonds prior to maturity:

TABLE 1
ANNUAL DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
Total			

The following table summarizes the annual debt service payments to be received by the Authority from the Local Obligations which comprise the Revenues available to pay the Bonds and assumes there are no early redemptions of Local Obligations prior to their respective maturities. As shown in the following table, all of the Local Obligations except the CFD No. 07-1 2025 Bonds mature in the year prior to the final maturity of the Bonds.

TABLE 2
ANNUAL REVENUES FROM FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>CFD No. 2001-1 Improvement Area B Bonds</i>	<i>CFD No. 07-1 2025 Bonds</i>	<i>CFD No. 12-1 Bonds</i>	<i>CFD No. 13-1 Bonds</i>	<i>Total Revenues⁽¹⁾</i>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
Total					

⁽¹⁾ Equals the total anticipated debt service on the Local Obligations in each Bond Year ending September 1.

Source: Underwriter.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, with respect to each Taxing Jurisdiction, the Special Taxes levied at the maximum Special Tax rates under the related Rate and Method (as defined below), less estimated Administrative Expenses and assuming no delinquencies, would generate in each Fiscal Year not less than 110% of debt service payable with respect to each related series of Local Obligations. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” However, under the Mello-Roos Act, under no circumstances may Special Taxes levied against any parcel of property used for private residential purposes in a Taxing Jurisdiction be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within in such Taxing Jurisdiction. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

SECURITY FOR THE BONDS

General

As described below, the Bonds are payable primarily from Revenues consisting primarily of amounts received by the Authority as the result of its acquisition of the Local Obligations.

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and amounts in certain funds and accounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The faith and credit of the Authority is not pledged to secure the payment of Bonds, nor is any of its political subdivisions liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereunder be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. The Authority has no taxing power.

Revenues and Flow of Funds

Bonds; Revenues. Subject to the provisions of the Indenture, the Bonds are secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues. The Bonds are 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 Bonds 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.

Collection by the Trustee. The Authority has transferred in trust, granted a security interest in and assigned to the Trustee, for the benefit of the Owners from time to time of the Bonds, respectively, 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 is 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 forthwith be paid by the Authority to the Trustee. The Trustee also is entitled to and, subject to the provisions of the Indenture, the Trustee will 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 City and the Community Facilities Districts under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations, other than Local Obligation Delinquency Revenues, 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 an issue of Local Obligations will be first applied to make payments required pursuant to the Indenture upon the occurrence of an Event of Default and next to be deposited to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement, or to reimburse the Bond Insurer for Policy Costs.

Application of Revenues. On each Interest Payment Date, the Trustee will 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, 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 becoming due and payable on such Interest Payment Date on all Outstanding Bonds on such date. 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, 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 September 1 on which 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 date, or required to be redeemed on such date pursuant to the Indenture. 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 or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to the Indenture.

Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, or amounts are due to an insurer under a Reserve Credit Facility, after making deposits to the Interest Account and the Principal Account as described above, the Trustee shall transfer from the Revenue Fund, an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement or to reimburse an insurer for draws under a Reserve Credit Facility, by depositing the amount necessary to make the various accounts therein equal to, together, the Reserve Requirement, provided the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination; and provided, further, that the replenishment of the accounts of the Reserve Fund shall be made in accordance with the Indenture as described under “—Reserve Fund” below.

Deficiencies. If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers above as a result of a payment default on an issue of Local Obligations, the Trustee will immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits under “— *Application of Revenues.*” In the event that following such notice the Trustee receives Local Obligations Delinquency Revenues from the issuer of such Local Obligation to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with the Indenture. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues of a Community Facilities District first to cure any event of default on the Bonds caused by the nonpayment of the Local Obligations of such Taxing Jurisdiction and then to replenish the amount in the Reserve Fund to the Reserve Requirement, subject to the limitations described under the caption “—Reserve Fund” below.

Rebate Fund. On each Interest Payment Date after making the transfers required described 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 of the Authority.

Surplus Fund. On September 1 of each year, after making the deposits described above, and upon reimbursement to the Bond Insurer for any amounts owed under the Insurance Policy, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund.

Reserve Fund

An account for each issue of Local Obligations will be established in the Reserve Fund (each, a “Reserve Account”). The Reserve Surety Bond in the amount of \$_____ will be deposited into the Reserve Fund, which in the aggregate, equals the Reserve Requirement. Unless adjusted in accordance with the Indenture as described below, each Local Obligation’s Proportionate Share of the Reserve Fund will be as follows:

- \$_____ in the CFD No. 2001-1 Improvement Area B Reserve Account
- \$_____ in the CFD No. 07-I-1 Reserve Account
- \$_____ in the CFD No. 12-I Reserve Account
- \$_____ in the CFD No. 13-I Reserve Account

The Indenture defines “Proportionate Share” to mean, unless adjusted in accordance therewith, for any issue of the Local Obligations, the ratio derived by dividing the debt service of such Local Obligations by the debt service of the Outstanding Bonds as of the Closing Date of the Bonds. The Indenture provides that the Proportionate Share as shown above will only be adjusted upon (i) the final maturity of a Series of Local Obligations or the defeasance in full of a Series of Local Obligations in accordance with the related Local Obligation Indenture or (ii) upon the issuance of Additional Bonds or Local Obligation Parity Bonds, in which case the Proportionate Share shall be adjusted based on the formula in the definition thereof, taking into account the issuance of the Additional Bonds and the Local Obligation Parity Bonds.

The aggregate of the foregoing amounts is equal to the Reserve Requirement as of the date of issuance of the Bonds, which is an amount equal to the [10]% of the initial principal amount of the Bonds.

_____ has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Surety Bond in the amount equal to the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. Under the terms of the Reserve Surety Bond, _____ will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and interest on the Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority, to the extent set forth in the Reserve Surety Bond and in the Indenture. See Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—AUTHORITY INDENTURE—REVENUES; FLOW OF FUNDS—Reserve Fund” for provisions relating to the Reserve Surety Bond.

Subject to the limitations set forth in the following paragraph, moneys in the Reserve Fund will be used to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Reserve Fund (other than amounts under the Reserve Surety Bond) may be applied (i) in connection with a defeasance of Bonds, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, (iii) credited to a Taxing Jurisdiction as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Taxing Jurisdiction and the Bonds so redeemed in connection therewith, or (iv) when amounts in certain accounts of the Reserve Fund are transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations in the event amounts in a

Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, as specified below.

If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due or mandatory sinking fund payments on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable series of Local Obligations and transfer such amount to the Interest Account, the Principal Account or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts an amount based upon the Proportionate Share applicable to each such Reserve Account of such remaining deficiency and transfer such amounts to the Interest Account, the Principal Account or both, as applicable.

Upon the transfer by the Trustee to the Reserve Fund of delinquent Revenues, such Revenues shall be allocated to the Reserve Accounts as follows:

First, to the Bond Insurer to reimburse it for all Policy Costs due as a result of a draw on the Reserve Surety Bond and reimbursement of amounts with respect to any other Reserve Credit Facility due as a result of delinquencies on the Local Obligations of the Taxing Jurisdiction. Such reimbursements shall be credited first to each Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate on a Proportionate Share basis if such reimbursements are owing as a result from draws due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. Such reimbursements will next be credited to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received.

Second, to the Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. In the event that such delinquent Revenues are not sufficient to increase the amount on deposit in each of the applicable Reserve Accounts to the Reserve Requirement, a Proportionate Share of such delinquent Revenues shall be deposited in each such Reserve Account.

Third, after increasing the amount on deposit in each applicable Reserve Account to the applicable Proportionate Share of the Reserve Requirement pursuant to the second step, to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received that amount necessary to replenish the amount on deposit in such Reserve Account to the applicable Proportionate Share of the Reserve Requirement.

Fourth, after making all deposits pursuant to the three steps above, the remaining delinquent Revenues, if any, shall be transferred to the Revenue Fund.

When amounts in a Reserve Account (other than amounts under the Reserve Surety Bond) are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from a Reserve Account being deposited first to the Interest Account as a credit on the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

Surplus Fund

Any amounts transferred to the Surplus Fund pursuant to the Indenture shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year, the balance, if any, in the Surplus Fund shall (i) be transferred by the Trustee to the City for credit to the special tax fund for the Local Obligations, and each Community Facilities District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage which each series of its outstanding Local Obligation represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligation Indenture with each series of Local Obligations to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which a series of outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement. In the event that the Local Obligations have been redeemed or defeased in whole or in part, then such credit shall be applied among the Local Obligations based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event all Community Facilities 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 expenses of the Authority, the City or the Community Facilities Districts relating to the Bonds, the Local Obligations, the Community Facilities Districts, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

No Additional Bonds Except to Refund Bonds

The Authority may issue Additional Bonds in such principal amount as will be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority.

Additional Bonds may only be issued subject to the following conditions precedent established by the Indenture:

(a) The Authority is in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The proceeds of such Additional Bonds will be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds will provide that interest thereon will be payable on September 1 and March 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that following the issuance of the series of Additional Bonds, the principal and interest generated from the Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds and the series of Additional Bonds to be issued under the Indenture.

(e) The Supplemental Indenture providing for the issuance of Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default has occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(g) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and

(f) above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

BOND INSURANCE

The information under this caption has been prepared by _____ for inclusion in this Official Statement. None of the Authority, the Community Facilities Districts or the Municipal Advisor has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof or any information incorporated by reference. Reference is made to Appendix H for a specimen of the Insurance Policy.

[TO COME FROM BOND INSURER]

SECURITY FOR THE LOCAL OBLIGATIONS

General

Each series of Local Obligations is a limited obligation of the respective Community Facilities District payable solely from Net Special Taxes (defined below) collected in the applicable Taxing Jurisdiction and amounts deposited by the Community Facilities Districts in the applicable Special Tax Fund. The Community Facilities Districts' limited obligation to pay the principal of, premium, if any, and interest on the applicable Local Obligations from Net Special Taxes collected in the applicable Taxing Jurisdiction and amounts in the applicable Special Tax Fund is absolute and unconditional.

No Local Obligation (and no obligations issued on a parity therewith under the Local Obligation Indentures relating to the Local Obligations, each a "Local Obligation Parity Bond") is a legal or equitable pledge, charge, lien or encumbrance upon any of the Community Facilities Districts' respective property, or upon any of their income, receipts or revenues, except the Net Special Taxes collected in the applicable Taxing Jurisdiction and other amounts in the applicable Special Tax Fund which are, under the terms of each Local Obligation Indentures and the Mello-Roos Act, set aside for the payment of the Local Obligations and interest thereon and neither the respective members of the legislative body of each Community Facilities District or the City Council nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Each Community Facilities District may issue Local Obligation Parity Bonds payable from its Special Taxes on a parity with its Local Obligations for the purpose of refunding all or a portion of its Local Obligations or its Local Obligation Parity Bonds, as provided in its Local Obligation Indenture.

The "Special Taxes" for each Taxing Jurisdiction are levied and collected according to the rate and method of apportionment (each a "Rate and Method") established for such Taxing Jurisdiction. See Appendix A — "INFORMATION REGARDING THE TAXING JURISDICTIONS" and Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded at the Reserve Requirement will be available in the event of delinquent Revenues. See "SECURITY FOR THE BONDS — Reserve Fund" herein.

Except for the foregoing, no other taxes are pledged to the payment of the Local Obligations and Local Obligation Parity Bonds. The Local Obligations and any Local Obligation Parity Bonds are not general or special obligations of the City nor general obligations of the Community Facilities Districts,

but are limited obligations of the Community Facilities Districts payable solely from amounts deposited by the Community Facilities Districts in certain funds established under the Local Obligation Indentures, as more fully described herein. The Community Facilities Districts' limited obligation to pay the principal of, premium, if any, and interest on the Local Obligations and any Local Obligation Parity Bonds from amounts in certain funds established under the Local Obligation Indentures is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Local Obligations or any Local Obligation Parity Bonds may compel the exercise of the taxing power by the Community Facilities Districts (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Local Obligations and any Local Obligation Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are 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; provided, however, that the Community Facilities Districts may directly bill the Special Tax, and may collect Special Taxes at a different time or in a different manner as determined by the City Council.

Under the Mello-Roos Act under no circumstances will the Special Taxes levied against any parcel in a Taxing Jurisdiction for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within such Taxing Jurisdiction. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in a Taxing Jurisdiction, a Community Facilities District could not increase the Special Taxes in such Taxing Jurisdiction in the fiscal year following such delinquencies by more than 10% on the residential units. See "SPECIAL RISK FACTORS — Special Tax Delinquencies."

Local Obligation Indentures

The Local Obligations will be issued under separate Local Obligation Indentures to be executed and delivered in connection with such issuance. The following describes certain provisions of the Local Obligation Indentures, which are substantially similar.

Under the Local Obligation Indentures, the "Net Special Taxes" pledged by the applicable Community Facilities District to the Local Obligations (and any related Local Obligation Parity Bonds) is defined as "Gross Special Taxes" minus amounts set aside to pay Administrative Expenses.

"Gross Special Taxes" is defined in each Local Obligation Indenture as the amount of all Special Taxes received by the Community Facilities District from the Taxing Jurisdiction, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Local Obligation Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

"Administrative Expenses" are the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Local Obligations or which are not otherwise paid as Costs of Issuance, any costs related to the Community Facilities District's compliance with state and federal laws requiring continuing disclosure of information concerning the Local Obligations, the Community Facilities District, and any other costs otherwise incurred by the City on behalf of the Community Facilities District, in order to carry out the purposes of the Community Facilities District, as set forth in the Resolution of Formation and any obligation of the Community Facilities District under the Local Obligation Indenture. Administrative Expenses also include the administrative costs with respect to the collection of Delinquency Proceeds.

The portion of any Prepayment received by a Community Facilities District that is to be applied to the redemption of Local Obligations will be identified as such by the Community Facilities District and transferred to Wilmington Trust, National Association, as trustee for the Local Obligations (the “Local Obligations Trustee”) for deposit in the Redemption Account. Except for the foregoing portion of any Prepayment to be deposited to the Redemption Account, the Community Facilities District will, as soon as practicable transfer the Special Taxes received by the Community Facilities District to the Local Obligations Trustee for deposit in the applicable Special Tax Fund to be held by the Local Obligations Trustee in trust for the Owners of the Local Obligations. The Local Obligations Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Local Obligation Indenture, in the following order of priority, to:

- (1) The Administrative Expense Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Trustee for deposit in the Reserve Account under the Authority Indenture the amount necessary to cause the balance on deposit therein to equal the Community Facilities Districts’ Proportionate Share of the Reserve Requirement;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The Surplus Fund.

Each Local Obligation Indenture creates and establishes a Surplus Fund to be maintained by the Local Obligations Trustee. As soon as practicable after each September 1, and in any event prior to each October 1, the Local Obligations Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the Community Facilities District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Local Obligations or any related Local Obligation Parity Bonds and may be used by the Community Facilities District for any lawful purpose.

Local Obligation Parity Bonds

The Local Obligation Indentures authorize the Community Facilities Districts to issue additional bonds payable from Special Taxes on a parity with the related Local Obligations (the “Additional Bonds”) but only for the purpose of refunding all or a portion of the applicable Local Obligations or Local Obligation Parity Bonds. For a description of the conditions established in each Local Obligation Indentures for the issuance of Local Obligation Parity Bonds, see Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Priority of Lien

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other community facilities district special taxes. See “THE TAXING JURISDICTIONS — The Taxing Jurisdictions in the Aggregate” herein.

Covenants of the Community Facilities Districts

In their respective Local Obligation Indenture, each Community Facilities District has made certain covenants, certain of which are described below.

Punctual Payment. The Community Facilities District will duly and punctually pay or cause to be paid the principal of and interest on every Local Obligation and Local Obligation Parity Bond issued under its Local Obligation Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Local Obligations and Local Obligation Parity Bonds and in accordance with its Local Obligation Indenture to the extent that Net Special Taxes and other amounts pledged thereunder are available therefor, and that the payments into the Funds and Accounts created thereunder will be made, all in strict conformity with the terms of the Local Obligations, any Local Obligation Parity Bonds, and its Local Obligation Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of its Local Obligation Indenture and all Supplemental Indentures and of the Local Obligations and any Local Obligation Parity Bonds issued under its Local Obligation Indenture.

Against Encumbrance. The Community Facilities District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the Local Obligation Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Local Obligations, other than Local Obligation Parity Bonds. Nothing in the Local Obligation Indenture shall prevent the Community Facilities District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Local Obligations and the Local Obligation Parity Bonds.

Levy of Special Tax. So long as any Local Obligations or Local Obligation Parity Bonds issued are Outstanding, the Community Facilities District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Local Obligations and Local Obligation Parity Bonds when due, (2) the Administrative Expenses, (3) any amounts required to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement, (4) any amounts required to replenish the Reserve Account under the Authority Indenture to the Proportionate Share and pay all Policy Costs resulting from the delinquency in the payment of scheduled debt service on the Local Obligations and any Local Obligation Parity Bonds, (5) and any amounts due to the Bond Insurer not included in (1) through (4) above. The Community Facilities District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the Community Facilities District's authority to levy the Special Tax for so long as the Local Obligations and any Local Obligation Parity Bonds are Outstanding.

Commence Foreclosure Proceedings. The Community Facilities District covenants for the benefit of the Owners of the Local Obligations and any Local Obligation Parity Bonds that it will review the public records of the County in connection with the collection of the Special Taxes not later than July 1 of each year to determine the amount of the Special Tax collected in the prior Fiscal Year and will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) properties under common ownership with delinquent Special Taxes in the aggregate of \$5,000 or more by October 1 following the close of the Fiscal Year in which the Special Taxes were due, and (ii) against all properties with delinquent Special Taxes in the aggregate of \$2,500 or more by October 1 following the close of any Fiscal Year if the amount of the Reserve Fund is less than its reserve requirement or if the amount in the Reserve Account is less than the Reserve Requirement. Notwithstanding the foregoing, the Community Facilities District may elect to defer foreclosure proceedings on any parcel for which the Community Facilities District has received funds equal to the delinquent installments of Special Taxes related to such parcel from any source (excluding draws from the Reserve Account), including without limitation the proceeds of any sale and assignment of such delinquent installments to a third party, and such funds are available to contribute toward the payment of the principal of and interest on the Local Obligations and any Local Obligation Parity Bonds when due. The Community Facilities District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The Community Facilities District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

Special Taxes Are Not Within Teeter Plan

The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 et seq.), commonly referred to as the “Teeter Plan.” The County has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, the Special Taxes of the Taxing Jurisdictions are not included in the County’s Teeter Plan.

THE TAXING JURISDICTIONS

The Taxing Jurisdictions in the Aggregate

Introduction. Set forth under this caption is certain information describing the Taxing Jurisdictions in the aggregate. See Appendix A hereto for more information with respect to each Taxing Jurisdiction. Although the Authority believes the information with respect to the Taxing Jurisdictions, in the aggregate, is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one series of Local Obligations may not be used to make up any shortfall in the debt service on another series of Local Obligations. Moreover, the parcels in each Taxing Jurisdiction are taxed according to the applicable Rate and Method, and the applicable Special Taxes may only be applied to pay the debt service on the Local Obligations related to the Taxing Jurisdiction in which such Special Taxes are levied and not on the debt service of any other Local Obligations.

Potential investors should further be aware that Special Taxes are levied against individual parcels within each Taxing Jurisdiction and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such Taxing Jurisdiction and less than the value-to-lien ratio of the Taxing Jurisdictions in the aggregate.

Property Values & Development Status. The most recent aggregate assessed value reported by the County Assessor for the property in the Taxing Jurisdictions for the Fiscal Year 2024-25 was \$2,224,672,232. The planned developments within the Taxing Jurisdictions are complete and consist of a total of 3,374 parcels of detached and attached residential units and three parcels with a completed commercial development. There is one parcel in Improvement Area B of CFD No. 2001-1 that is classified as an undeveloped parcel under the related Rate and Method. Such parcel is an improved surface parking lot for the commercial development. Of the 3,374 residential developments in the Taxing Jurisdictions, 2,539 are single-family detached homes and 836 are single-family attached homes. Approximately 98.5% of the projected Fiscal Year 2025-26 Special Tax levy is allocable to the residential developments in the Taxing Jurisdictions.

The Taxing Jurisdictions were formed in the following years:

<i>Taxing Jurisdiction</i>	<i>Date of Formation</i>
CFD No. 2001-1 Improvement Area B	December 4, 2001
CFD No. 07-I	November 11, 2003
CFD No. 12-I	August 23, 2005
CFD No. 13-I	October 25, 2005

Value-To-Lien Ratios. The aggregate assessed value of all of the taxable property in the Taxing Jurisdictions, as established by the County Assessor for Fiscal Year 2024-25 was \$2,224,672,232. The aggregate principal amount of the Local Obligations is \$16,065,000*. Table 3 and Table 4 below set forth the aggregate

* Preliminary, subject to change.

assessed value-to-lien ratios of all the taxable property in the Taxing Jurisdictions based on Fiscal Year 2024-25 assessed values in each of the Taxing Jurisdictions and the principal amount direct and overlapping land-secured debt, including the Local Obligations.

TABLE 3
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS

<i>Taxing Jurisdiction</i>	<i>Local Obligations^{(1)*}</i>	<i>Direct and Overlapping Land-Secured Debt⁽²⁾</i>	<i>Total Land-Secured Debt[*]</i>	<i>Fiscal Year 2024-25 Assessed Value⁽³⁾</i>	<i>Assessed Value-to-Lien Ratio^{(4)*}</i>
CFD No. 07-I	\$ 7,000,000	\$ 22,927,202 ⁽⁵⁾	\$ 29,927,202 ⁽⁵⁾	\$ 1,265,637,251	42.3:1
CFD No. 12-I	5,125,000	5,760,163	10,885,163	431,301,567	39.6:1
CFD No. 13-I	1,545,000	4,032,055	5,577,055	232,180,467	41.6:1
CFD No. 2001-1 IA B	2,395,000	2,903,376	5,298,376	295,552,947	55.8:1
Totals:	\$ 16,065,000	\$ 35,622,796	\$ 51,687,796	\$ 2,224,672,232	43.0:1

* Preliminary, subject to change.

(1) Based on aggregate principal amount of the Local Obligations.

(2) Does not include any overlapping general obligation bonded indebtedness.

(3) Reflects the Fiscal Year 2024-25 assessed value of the taxable property in the Taxing Jurisdictions.

(4) Calculated by dividing the Assessed Value column by the Total Debt column.

(5) Includes the outstanding principal amount of the CFD No. 07-I 2024 Bonds of \$8,635,000.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

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TABLE 4
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels/ Units</i>	<i>Fiscal Year 2024-25 Assessed Value⁽¹⁾</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy[*]</i>	<i>Percent of Projected Special Tax Levy Fiscal Year 2025-26[*]</i>	<i>Total Direct and Overlapping Land-Secured Debt^{(2)*}</i>
Less than 20.00:1 ⁽³⁾	13	\$ 2,868,385	\$ 13,248	0.42%	\$ 195,260
Between 20.01:1 to 30.00:1	404	167,293,668	415,525	13.08	6,271,171
Between 30.01:1 to 40.00:1	1,196	651,590,270	1,092,199	34.37	18,391,901
Between 40.01:1 to 50.00:1	1,025	689,140,368	946,678	29.79	15,562,599
Greater than 50.00:1 ⁽³⁾	741	713,779,541	709,950	22.34	11,266,865
Totals	3,379	\$ 2,224,672,232	\$ 3,177,600	100.00%	\$ 51,687,797

* Preliminary, subject to change.

(1) Reflects the Fiscal Year 2024-25 assessed value of the taxable property in the Taxing Jurisdictions.

(2) Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

(3) The minimum value to lien in the Less than 20.00:1 category is 4.5:1*. The maximum value to lien in the Greater than 50.00:1 category is 208.0:1*.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

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Effective Tax Rates. Table 5 below shows the average effective tax rates of property with completed homes within the Taxing Jurisdictions based on the average Fiscal Year 2024-25 assessed values, the average Fiscal Year 2024-25 actual levies for all other overlapping taxing jurisdictions and the estimated Fiscal Year 2025-26 special tax levy for each Taxing Jurisdiction. Based on the foregoing, the projected average effective tax rate for the parcels within the Taxing Jurisdictions ranges from approximately 1.61% to 1.91%.

TABLE 5
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
AVERAGE DWELLING UNIT EFFECTIVE TAX RATES*

DEVELOPED ATTACHED RESIDENTIAL UNIT

<i>District</i>	<i>Average Fiscal Year 2024-25 Assessed Value – Completed Dwelling Unit ⁽¹⁾</i>	<i>Average Projected Fiscal Year 2025-26 Special Tax Levy</i>	<i>Average Fiscal Year 2024-25 Ad Valorem Taxes Per Completed Dwelling Unit</i>	<i>Average Other Fiscal Year 2024-25 Taxes and Assessments Per Completed Dwelling Unit</i>	<i>Average Effective Tax Rate - Completed Dwelling Unit</i>
CFD No. 07-I	\$491,772	\$781 ⁽²⁾	\$5,667	\$2,250	1.77%
CFD No. 12-I	455,599	669	5,250	2,770	1.91
CFD No. 13-I	N/A	N/A	N/A	N/A	N/A
CFD No. 2001-1 IA B	N/A	N/A	N/A	N/A	N/A

DEVELOPED DETACHED RESIDENTIAL UNIT

<i>District</i>	<i>Average Fiscal Year 2024-25 Assessed Value – Completed Dwelling Unit ⁽¹⁾</i>	<i>Average Projected Fiscal Year 2025-26 Special Tax Levy</i>	<i>Average Fiscal Year 2024-25 Ad Valorem Taxes Per Completed Dwelling Unit</i>	<i>Average Other Fiscal Year 2024-25 Taxes and Assessments Per Completed Dwelling Unit</i>	<i>Average Effective Tax Rate - Completed Dwelling Unit</i>
CFD No. 07-I	\$668,412	\$1,017 ⁽²⁾	\$7,703	\$2,730	1.71%
CFD No. 12-I	613,643	1,036	7,072	3,257	1.85
CFD No. 13-I	643,159	645	7,412	3,621	1.82
CFD No. 2001-1 IA B	939,308	1,172	10,824	3,118	1.61

* *Preliminary, subject to change.*

⁽¹⁾ Only includes assessed value on developed parcels.

⁽²⁾ Includes Special Taxes levied for the CFD No. 07-I 2024 Bonds.

Source: County of San Diego Assessor's Office; Spicer Consulting Group, LLC.

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Top Taxpayers within the Taxing Jurisdictions. No single owner owns more than four parcels within any one Taxing Jurisdiction, and no single taxpayer is projected to be responsible for more than 2.62% of the projected Fiscal Year 2025-26 Special Tax levy within any one Taxing Jurisdiction. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

TABLE 6
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
ESTIMATED VALUE-TO-LIEN AND PROJECTED FISCAL YEAR 2025-26 SPECIAL TAX LEVY FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Assessor's Parcels</i>	<i>Number of Parcels/Units</i>	<i>Fiscal Year 2024-25 Assessed Value⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax Levy*</i>
San Diego Retail 1 LLC	1	1	\$ 59,189,882	2.66%	\$ 34,387	1.08%
University Square I LLC	2	2	11,373,000	0.51	9,156	0.29
New Albertsons Inc <LF> Baldwin Park Plaza LLC	2	2	15,537,721	0.70	4,687	0.15
Gramico Inc	4	4	1,510,739	0.07	3,402	0.11
Manases Investments Inc	2	2	833,537	0.04	2,582	0.08
Panaligan Family Trust 02-14-24	2	2	1,121,696	0.05	2,456	0.08
Investments of The Baja Californias LLC	3	3	827,556	0.04	2,339	0.07
Bruan Lydia L Trust 01-20-22	2	2	1,959,902	0.09	2,185	0.07
Diaz Cesar	2	2	1,362,034	0.06	2,126	0.07
Gadallah Luay & Ramy Btissam	<u>2</u>	<u>2</u>	<u>1,203,110</u>	<u>0.05</u>	<u>2,126</u>	<u>0.07</u>
Subtotal	22	22	94,919,177	4.27	65,446	2.06
All Other Individual Property Owners	<u>3357</u>	<u>3357</u>	<u>2,129,753,055</u>	<u>95.73</u>	<u>3,112,154</u>	<u>97.94</u>
Totals	3379	3379	\$ 2,224,672,232	100.00%	\$ 3,177,600	100.00%

* *Preliminary, subject to change.*

⁽¹⁾ Reflects the Fiscal Year 2024-25 assessed value of the taxable property in the Taxing Jurisdictions.

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the aggregate assessed values of all the taxable property in the Taxing Jurisdictions for the Fiscal Years shown.

TABLE 7
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2020-21 THROUGH 2024-25)

<i>Fiscal Year</i>	<i>Land Assessed Value</i>	<i>Structure Assessed Value</i>	<i>Total Assessed Value</i>	<i>Percent Change in Total Assessed Value</i>
2020-21	\$735,428,066	\$1,106,632,012	\$1,842,060,078	--
2021-22	765,555,870	1,135,224,913	1,900,780,783	3.19%
2022-23	839,966,812	1,193,779,133	2,033,745,945	7.00
2023-24	898,719,609	1,249,141,192	2,147,860,801	5.61
2024-25	945,863,919	1,278,808,313	2,224,672,232	3.58

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Table 8 below summarizes the aggregate Special Tax delinquencies of all the taxable property in the Taxing Jurisdictions for Fiscal Years 2019-20 through 2023-24, as of June 1, 2025.

TABLE 8
CHULA VISTA MUNICIPAL FINANCING AUTHORITY
THE TAXING JURISDICTIONS IN AGGREGATE
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$3,850,339	3,335	28	\$22,010	0.57%	0	\$ 0	0.00%
2020-21	3,875,183	3,335	25	19,741	0.51	1	412	0.01
2021-22	3,911,093	3,335	21	17,867	0.46	1	825	0.02
2022-23	3,876,844	3,336	20	19,443	0.50	2	2,224	0.06
2023-24	3,870,225	3,378	21	19,592	0.12	5	4,663	0.12

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not a suitable investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Taxing Jurisdictions to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the Community Facilities Districts to make full and punctual payments of debt service on the Local Obligations which comprise the Revenues available to pay debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Taxing Jurisdictions. See "—Property Values" and "—Limited Secondary Market."

Risks of Real Estate Secured Investments Generally

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the Local Obligations and the timely payment of the Local Obligations will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the Taxable Property within the Taxing Jurisdictions, the Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in and around the vicinity of the Taxing Jurisdictions, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires, floods, drought and windstorms), which may result in uninsured losses; and (iv) adverse changes in local market conditions.

The Bonds are Limited Obligations of the Authority

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the Local Obligations and the Reserve Fund. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Taxing Jurisdictions following delinquency. The Community Facilities Districts' legal obligations with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Taxing Jurisdictions to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the Community Facilities Districts to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the Community Facilities Districts to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the inability of the Authority to make full or timely payment on the Bonds.

No Obligation of the City

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

No Cross-Collateralization Between Taxing Jurisdictions

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one Taxing Jurisdiction cannot be used directly to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, all amounts in the Reserve Fund are available to pay debt service on the Bonds if the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient

to pay the principal of or interest on the Bonds when due. See the caption “SECURITY FOR THE BONDS — Reserve Fund.”

Potential Early Redemption of Bonds from Prepayments

Property owners within the Taxing Jurisdictions are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of Local Obligations on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. The proceeds of the Local Obligations so redeemed will then be used to make a mandatory redemption of the Bonds. Such mandatory redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See “THE BONDS — Redemption — *Special Redemption*.”

Property Values

The value of property within the Taxing Jurisdictions is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of a Special Tax installments, a Community Facilities District’s only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Taxing Jurisdictions could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, increased or decreased annually by an amount determined by the San Diego County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition) (in accordance with the limitations in Article XIII A of the California Constitution (Proposition 13), as described below).

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 which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. As a result of the foregoing, there can be no assurance that the assessed valuations of the properties within the Taxing Jurisdictions accurately reflect their respective market values, and the future fair-market values of those properties may be lower or greater than their current assessed valuations. No assurance can be given that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature, all of which could adversely impact the value of the property in the Taxing Jurisdictions which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values within the Taxing Jurisdictions.

Natural Disasters

The Taxing Jurisdictions, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the Taxing Jurisdictions.

No known active or potentially active faults, as defined in the Alquist-Priolo Earthquake Fault Zone Act, cross the property with the Community Facilities Districts, and the Community Facilities Districts are not located in an Alquist-Priolo Earthquake Study Zone. Traces of the potentially active La Nacion fault zone are known to cross the City in a generally north-south direction within the central portion of the City. The nearest active faults are the Rose Canyon fault, located approximately 14 miles northwest of the City, and the Coronado Bank fault, located approximately 30 miles from the City. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The Community Facilities Districts are not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades (Palisades Fire), Malibu and Altadena (Eaton Fire), experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage.

In 2003, the Cedar Fire was a wildfire which started in the Cleveland National Forest in central San Diego County and eventually burned more than 280,000 acres, destroying over 2,800 structures. Simultaneously, the Otay Fire burned more than 46,000 acres, but was stopped from spreading into housing developments by Otay Lake. Certain portions of the City were placed under evacuation orders, but no structures within the City were lost as a result of such wildfires. The Witch Creek Fire occurred in 2007, and again evacuations were ordered, but no damage was sustained in the City. The Harris Fire also occurred in 2007, starting in Potrero in the far south of San Diego County. It approached the eastern limits of the City before it was contained. The Border 2 Fire occurred in January 2025, burning 6,625 acres in the Otay Mountain wilderness area, to the east of the City.

On March 24, 2025, the Department of Forestry and Fire Protection of the State of California (“CalFire”) released an updated Fire Hazard Severity Zone (“FHSZ”) map for the Southern California region which evaluates “Hazard,” being the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts. On the other hand, “Risk” is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to Sections 4201-4204 of the California Public Resources Code, the State Fire Marshall is mandated to classify the state responsibility areas (the “SRAs”), where the State has financial responsibility for wildfire protection and prevention, into FHSZs. These zones are classified as either “Moderate,” “High” or “Very High” and are based on statewide criteria and severity of fire hazard that is expected to prevail in those areas. Each zone embraces relatively homogeneous lands and is based on fuel loading, slope, fire weather, and other relevant factors present, including areas where winds have been identified as a major cause of wildfire spread. In areas designated as the local responsibility areas (the “LRAs”), where local agencies have financial responsibility for wildfire protection and prevention, local agencies must adopt a FHSZ map and all three FHSZ classes. The LRAs map process will happen after the SRAs map process has been completed, which is estimated to occur in July of 2025. For more information, see the CAL Fire website. With the exception of CFD No. 12-I, all of the Taxing Jurisdictions are located in areas which the Cal Fire has designated as a moderate FHSZ, high FHSZ or as a very high FHSZ. In addition, CFD No. 2001-1 is located adjacent to open space terrain.

The Taxing Jurisdictions experience high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires. There is a risk of homes within the Taxing Jurisdictions being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Taxing Jurisdictions. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

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

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes (including special taxes) within certain ZIP codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of property taxes, including special taxes, by certain property owners in any community facilities district affected by the Governor’s Order. Unless the majority of property owners within any such community facilities district pay their special taxes voluntarily or have mortgage impound accounts, it is likely that the community facilities districts will need to draw upon a reserve fund to make debt service payments on outstanding bonds prior to the expiration of the Governor’s Order and it is possible that outstanding bonds will experience a payment default. In the event of a major fire or other natural disaster affecting the Taxing Jurisdictions, a similar order affecting the Taxing Jurisdictions could impact the debt service payments for the Bonds.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Super Fund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Taxing Jurisdictions be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

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

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

Cybersecurity

The City, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Trustee. No

assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Parity Taxes and Special Assessments

Property within the Taxing Jurisdictions is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” None of the Authority, the Community Facilities Districts or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions.

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. See “— Bankruptcy and Foreclosure” below.

None of the Authority, the Community Facilities Districts or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions. In addition, the landowners within the Taxing Jurisdictions may, without the consent or knowledge of the Authority, the Community Facilities Districts or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Taxing Jurisdictions described in this Official Statement.

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

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, the Community Facilities Districts have no recourse against the owner of the parcel.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax that may be levied against the taxable parcels in each Taxing Jurisdiction to be recorded in the Office of the Recorder for the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the Taxing Jurisdictions or lending of money thereon.

The Mello-Roos Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by

a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Mello-Roos Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Local Obligations and, thus, the Bonds are derived, are customarily billed to the properties within the Taxing Jurisdictions on the *ad valorem* property tax bills sent by the County to owners of such properties. The Mello-Roos Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See the delinquency tables in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for the delinquency history of each Taxing Jurisdiction over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities Districts — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which the Community Facilities Districts are obligated to follow under the Local Obligation Indentures, in the event of delinquencies in the payment of Special Taxes. See “— Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the Community Facilities Districts’ ability to foreclose on the lien of the Special Taxes in certain circumstances.

The Community Facilities Districts have the authority and the obligation, subject to the Mello-Roos Act and the maximum Special Tax rates set forth in each Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in the applicable Taxing Jurisdiction in the event other owners within such Taxing Jurisdiction are delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, the Community Facilities Districts may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years. This would result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds.

Insufficiency of Special Taxes

Notwithstanding that the maximum Special Taxes that may be levied in the Taxing Jurisdictions exceeds debt service due on the Local Obligations, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation. Each Rate and Method exempts certain specified property from the Special Tax levy. See “Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

If for any reason property within a Taxing Jurisdiction becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Taxing Jurisdiction. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within a Taxing Jurisdiction not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be

treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Taxing Jurisdiction became owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the related Local Obligations when due, or if a substantial portion of land within a Taxing Jurisdiction became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due, and in either case a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

Moreover, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued within a Taxing Jurisdiction be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within such Taxing Jurisdiction. Thus, the Community Facilities Districts may not be able to increase Special Tax levies in a Taxing Jurisdiction in future fiscal years by enough to make up for delinquencies within such Taxing Jurisdiction for prior fiscal years. This may result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Bonds when due, the Owners of the Bonds will have a claim under the Insurance Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Bond Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Bond Insurer is unable to make payments of principal of or interest on the Bonds when due under the Insurance Policy or the Reserve Surety Bond, the Bonds will be payable solely from Revenues and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY FOR THE BONDS.”

The long-term credit rating on the Bonds is dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Bond Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “MISCELLANEOUS—Ratings.”

None of the Authority, the Community Facilities Districts, the City or the Municipal Advisor has made an independent investigation of the claims-paying ability of the Bond Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is being made by the Authority, the Community Facilities Districts, the City or the Municipal Advisor in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds, assuming that the Insurance Policy is not available to pay principal and interest on the Bonds, and the claims-paying ability of the Bond Insurer through final maturity of the Bonds.

So long as the Insurance Policy remains in effect and the Bond Insurer is not in default of its obligations thereunder, the Bond Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies in the event of a default under the Indenture as to the Bonds. The Bond Insurer is not required to obtain the consent of the Owners of the Bonds with respect to the exercise of remedies. See Appendix B.

FDIC/Federal Government Interests in Properties

General. The ability of a Community Facilities 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.

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 Taxing Jurisdictions 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 a Community Facilities 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.

The Community Facilities Districts have not 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 Taxing Jurisdictions, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the Taxing Jurisdictions is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of a Community Facilities 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 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 has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Mello-Roos Act.

The Community Facilities Districts 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 a Taxing Jurisdiction 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. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

In the event of a delinquency in the payment of the Special Taxes, the Community Facilities Districts, under certain circumstances, are required to commence enforcement proceedings as described under the heading "SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities Districts." However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that the Community Facilities Districts will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the Community Facilities Districts to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, the amount and priority of any Special Tax liens could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Local Obligations, and the possibility of delinquent tax installments not being paid in full. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel's approving legal opinion, are qualified as to the enforceability of the Bonds, the Indenture, the Local Obligations and the Local Obligation Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Community Facilities Districts.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the Community Facilities Districts and prior to payment by the Local Obligations Trustee of debt service on the Local Obligations, such funds may be invested in the name of the City or a Community Facilities District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Community Facilities Districts and in turn the Authority and the Bond owners do not have a valid and/or prior lien on the Special Taxes or debt service payments on the Local Obligations where such amounts are deposited in the County investment pool and may not provide the Bond owners with a priority interest in such amounts. In that circumstance, unless the Bond owners could "trace" the funds that have been deposited in the County investment pool, the Bond owners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bond owners could successfully so trace the Special Taxes or debt service payments.

The County distributes Special Taxes throughout the year, with the largest portion being remitted to the City and the Community Facilities Districts in January and in May.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — SUMMARY OF AUTHORITY INDENTURE — EVENTS OF DEFAULT AND REMEDIES.”

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS — Tax Matters” herein, interest on the Bonds could 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, the City or the Community Facilities Districts in violation of covenants in the Indenture or the Local Obligation Indentures, respectively. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

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 Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of 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, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Bonds there might be federal, State, or local statutory changes (or judicial or regulatory interpretations of federal, State, or local law) that affect the federal, State, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur. See “LEGAL MATTERS — Tax Matters” below.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the Authority has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See “INTRODUCTION — Continuing Disclosure” and Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” Any failure to provide annual

financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the Community Facilities Districts to pay the principal of and interest on the Local Obligations as described below.

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

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

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Local Obligations.

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

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or the Community Facilities Districts to increase revenues or to increase appropriations or on the ability of the landowners within the Taxing Jurisdictions to complete proposed future development.

Litigation with Respect to Community Facilities Districts

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

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

Horizon. The Sacramento County Superior Court issued its ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). As described below, this case involved an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Act.

In 2017, the City of Sacramento initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Act. The proposed special tax received the requisite two-thirds vote in the landowner election.

Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its final ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district...” the phrase “qualified electors” means the registered voters of the entire City of Sacramento and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid.

The superior court’s ruling is not binding upon other courts within the State and does not directly apply to the Taxing Jurisdictions, the Special Taxes, or the Local Obligations. The City of Sacramento did not appeal the superior court’s ruling.

The Special Tax Election in the Taxing Jurisdictions. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the Taxing Jurisdictions had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax elections in the Taxing Jurisdictions. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act

provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election.

Voters in each Taxing Jurisdictions approved their respective Special Tax approximately 20 years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the Community Facilities Districts believe that no successful challenge to their respective Special Taxes being levied in accordance with the applicable Rate and Method may now be brought.

LEGAL MATTERS

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) 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 tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner will increase the Beneficial Owner’s basis in the applicable Bond.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the City and others and is subject to the condition that the Authority and the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the City and the Community Facilities Districts will covenant to comply with all such requirements.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation, and collateral consequences of amortizable bond premium.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether

any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority, the City and the Community Facilities Districts continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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 the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS, STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED, OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

See Appendix E — “FORM OF BOND COUNSEL OPINION” for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

Absence of Litigation

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

Legal Opinion

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

MISCELLANEOUS

Ratings

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "___" to the Bonds based upon the delivery of the Insurance Policy by the Bond Insurer at the time of issuance of the Bonds. See "BOND INSURANCE" herein.

In addition, S&P has assigned its underlying rating of "___" to the Bonds, independent of the delivery of the Insurance Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City, the Authority or the Community Facilities Districts which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The Authority has covenanted in a Continuing Disclosure Agreement to file notices of any rating changes on the Bonds. See the caption "—Continuing Disclosure" and Appendix F. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the Authority and prior to the date the Authority is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

None of the City, the Authority, the Community Facilities Districts or the Purchaser makes any representation as to the Bond Insurer's creditworthiness or any representation that the Bond Insurer's credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies' evaluations of the financial guaranty industry and individual financial guarantors, including the Bond Insurer. See the caption "BOND INSURANCE" for further information relating to the Bond Insurer.

Financial Interests

The fees being paid to Bond Counsel, Disclosure Counsel, the Municipal Advisor and the Trustee are contingent upon the issuance and delivery of the Bonds. From time to time, Stradling Yocca Carlson & Rauth LLP, may represent the Purchaser on matters unrelated to the Bonds.

Verification of Mathematical Accuracy

_____, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Municipal Advisor, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior redemption, and interest requirements of the 2015 Bonds.

The report of _____, will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Purchase and Reoffering

The Bonds were sold at a competitive sale on _____, 2025, and awarded to _____ (the "Purchaser"). The Purchaser has agreed to purchase the Bonds at a price of \$ _____, representing the principal amount of the Bonds, plus/less original issue premium/discount of \$ _____, less a Purchaser's discount of \$ _____.

The Official Notice of Sale for the Bonds provides that the Purchaser will purchase all of the Bonds awarded to the Purchaser if it purchases any of them. The obligation to make such a purchase is subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by counsel, and certain other conditions.

The Purchaser 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 Purchaser.

Continuing Disclosure

The Authority will covenant to provide certain annual financial information (the "Annual Reports") no later than March 31 of each year, commencing with the report due March 31, 2026, and notices of the occurrence of certain significant events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the "Rule"). The Annual Reports and the notices will be filed by the Authority on the Electronic Municipal Market Access Website ("EMMA") operated by the Municipal Securities Rulemaking Board (www.emma.msrb.org). The required content of the Annual Reports and the specific nature of the notices of significant events and certain other terms of the continuing disclosure obligation are included in APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT. These covenants will be made in order to assist the Purchaser in complying with the Rule. Failure of the Authority to provide the required ongoing information may have a negative impact on the value of the Bonds in the secondary market.

The City and certain other entities related to the City, including the Authority, have entered into previous undertakings pursuant to the Rule. Within the last five years, the City or the Authority have failed to comply with prior undertakings as described below.

(i) With respect to (a) the 2015 Bonds and (b) the Authority's Revenue Refunding Bonds, Series 2015B, the City filed unaudited financial statements on EMMA with its annual report for Fiscal Year 2021-22 by the required January 31, 2023 deadline because the City's audited financial statements were not yet complete. The City's Dissemination Agent filed the City's audited financial statements for Fiscal Year 2021-22 on all required CUSIPs other than with respect to the foregoing issues shortly after such audited financial statements became available in March 2023. The Dissemination Agent filed the City's audited financial statements for Fiscal Year 2021-22 for the foregoing issues on January 18, 2024 and a notice of the failure to timely file the Fiscal Year 2021-22 audited financial statements on January 24, 2024.

(ii) The City incurred a financial obligation (as defined in the Rule) on November 22, 2022, however, the notice of such incurrence was not filed on EMMA as required by the continuing disclosure undertaking with respect to the City's Series 2021 Taxable Pension Obligation Bonds until January 24, 2024.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

CHULA VISTA MUNICIPAL FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX A

INFORMATION REGARDING THE TAXING JURISDICTIONS

Community Facilities District No. 2001-1 Improvement Area B

Location and Description. Community Facilities District No. 2001-1 Improvement Area B (“CFD No. 2001-1 Improvement Area B”) was formed in 2001 and consists of two non-contiguous areas. One area, consisting of a completed residential development, is located to the west of the South Bay Expressway at San Miguel Ranch road, and is generally bordered to the south and west by Proctor Valley Road. The other area consists of a completed commercial development located on the southeast corner of Proctor Valley Road and Mt. Miguel Road.

Development in CFD No. 2001-1 Improvement Area B is complete with 286 single-family detached residences, and a commercial development on three parcels (totaling approximately 10 acres) with approximately 105,000 square feet of retail space. There is one parcel classified as Undeveloped Property in CFD No. 2001-1 Improvement Area B which consists of the improved surface parking lot for the commercial development. The residences in CFD No. 2001-1 Improvement Area B range in size from 2,339 square feet to 5,199 square feet.

Assigned Special Taxes. Table A-1 below sets forth the Special Taxes that are projected to be levied on taxable property within CFD No. 2001-1 Improvement Area B in Fiscal Year 2025-26. The Special Taxes in CFD No. 2001-1 Improvement Area B may not be levied after Fiscal Year 2041-42. The final maturity of the CFD No. 2001-1 Improvement Area B Bonds is September 1, 2035.

For the complete text of the CFD No. 2001-1 Improvement Area B Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

TABLE A-1
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Description</i>	<i>Number of Parcels/Units</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Maximum Special Tax Fiscal Year 2025-26</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Fiscal Year 2025-26 Special Tax Levy*</i>
Developed Commercial	3	\$ 25,944,899	\$ 44,975	\$ 13,843	4.0%
Developed Residential - Detached	286	268,642,226	1,269,511	335,122	96.0
Undeveloped Commercial ⁽²⁾	<u>1</u>	<u>965,822</u>	<u>2,111</u>	<u>0</u>	<u>0.0</u>
Totals	290	\$ 295,552,947	\$ 1,316,597	\$ 348,965	100.0%

* Preliminary, subject to change.

(1) Reflects the Fiscal Year 2024-25 assessed value of the Taxable Property in CFD No. 2001-1 Improvement Area B.

(2) Improved parking lot serving the commercial development. The City does not anticipate that this parcel will ever be classified as Developed Property.

Source: San Diego County Assessor’s Office, Spicer Consulting Group, LLC.

Direct and Overlapping Debt. CFD No. 2001-1 Improvement Area B is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2001-1

Improvement Area B is shown in Table A-2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2001-1 Improvement Area B; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE A-2
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2025**

I. Fiscal Year 2024-25 Assessed Value				\$295,552,947	
II. Land Secured Bond Indebtedness					
Outstanding Direct and Overlapping Bonded Debt		Type	Outstanding	Percentage Applicable	Amount Applicable
Chula Vista Elementary School District CFD No. 1		CFD	\$17,464,969	0.388%	\$ 67,748
Chula Vista Elementary School District CFD No. 13		CFD	7,173,639	34.479	2,473,382
Sweetwater Union High School District CFD No. 1		CFD	4,861,269	0.398	19,364
Sweetwater Union High School District CFD No. 13		CFD	974,565	35.183	342,881
City Of Chula Vista CFD No. 2001-1 IA B, Series 2025		CFD	2,395,000*	100.000	<u>2,395,000*</u>
TOTAL LAND SECURED BONDED DEBT					\$5,298,376*
III. General Obligation Bond Indebtedness					
Outstanding Direct and Overlapping Bonded Debt		Type	Outstanding	Percentage Applicable ⁽¹⁾	Amount Applicable
Metropolitan Water Debt Service		GO	\$19,215,000	0.008%	\$ 1,471
Southwestern Community College District		GO	719,185,157	0.398	2,859,271
Sweetwater Union High School District		GO	624,127,497	0.473	2,952,349
Chula Vista Elementary School District		GO	252,059,000	0.687	<u>1,731,225</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT					\$7,544,315
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT					\$12,842,690
IV. Ratios to Appraisal Value					
Outstanding Land Secured Bonded Debt		55.8:1*			
Total Outstanding Bonded Debt		23.0:1*			

* Preliminary, subject to change.

(1) Calculated by dividing the assessed value by the total assessed value for Fiscal Year 2024-25.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Value-to-Lien. Development is complete on the Taxable Property within CFD No. 2001-1 Improvement Area B, with all planned homes transferred to individual homeowners and all commercial development completed. Table A-3 sets forth the value-to-lien ratio of the property within CFD No. 2001-1 Improvement Area B for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

The Authority has obtained the assessed values of all of the taxable property in CFD No. 2001-1 Improvement Area B, as established by the County Assessor for Fiscal Year 2024-25, which totals \$295,552,947. The assessed value-to-lien ratio of the property within CFD No. 2001-1 Improvement Area B, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within CFD No. 2001-1 Improvement Area B, and assuming that the CFD No. 2001-1 Improvement Area B Bonds have been issued to refund the Prior CFD No. 2001-1 Improvement Area B Bonds, equals approximately 55.8:1*. This ratio does not include other overlapping debt general obligation debt within CFD No. 2001-1 Improvement Area B. Taking that direct and overlapping general obligation debt into account,

* Preliminary, subject to change.

the ratio of the aggregate assessed value of the taxable property within CFD No. 2001-1 Improvement Area B to the total principal amount of all direct and overlapping debt for CFD No. 2001-1 Improvement Area B is approximately 23.0:1*.

Table A-4 below sets forth the stratification of value-to-liens of the Developed Property within CFD No. 2001-1 Improvement Area B based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2001-1 Improvement Area B Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The Developed Property in CFD No. 2001-1 Improvement Area B includes all of the Taxable Property except for one parcel used as an improved surface parking lot that is classified as Undeveloped Property, which is not expected to be taxed. The ratio of the value of an individual lot within CFD No. 2001-1 Improvement Area B to its respective share of the principal amount of the CFD No. 2001-1 Improvement Area B Bonds can be expected to vary.

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TABLE A-3
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Fiscal Year 2024- 25 Assessed Value</i>	<i>CFD No. 2001- 1 LA B Bonds^{(1)*}</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
University Square I LLC	2	\$ 9,156	2.62%	\$ 11,373,000	\$ 62,840	\$ 0	\$ 62,840	181.0:1
New Albertsons Inc <Lf> Baldwin Park Plaza LLC ⁽³⁾	2	4,687	1.34	15,537,721	32,166	87,112	119,278	130.3:1
Mayer Revocable Trust 11-21-19	1	1,609	0.46	1,060,238	11,044	12,468	23,512	45.1:1
Smith Joshua Robert & Patricia Lira	1	1,609	0.46	1,201,172	11,044	13,146	24,190	49.7:1
In Visarath & Christine E	1	1,609	0.46	859,271	11,044	11,764	22,808	37.7:1
Brabandt James E & Karen A	1	1,609	0.46	965,814	11,044	10,154	21,198	45.6:1
Rodriguez Family Trust 08-18-06	1	1,609	0.46	1,731,034	11,044	0	11,044	156.7:1
Alvarez R&C Family Trust 09-09-99	1	1,609	0.46	1,924,000	11,044	10,178	21,222	90.7:1
Alajeeli Ammar & Riadh Maysam	1	1,609	0.46	977,884	11,044	9,668	20,712	47.2:1
Baca Elias B Trust 06-03-24	1	1,609	0.46	1,936,720	11,044	12,964	24,008	80.7:1
Subtotal	12	26,716	7.66	37,566,854	183,359	167,453	350,812	107.1:1
All Other Property Owners	278	322,249	92.34	257,986,093	2,211,641	2,735,923	4,947,564	52.1:1
Totals	290	\$ 348,965	100.00%	\$ 295,552,947	\$ 2,395,000	\$ 2,903,376	\$ 5,298,376	55.8:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

⁽³⁾ Includes the improved parking lot serving the commercial development. The City does not anticipate that this parcel will ever be classified as Developed Property.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

TABLE A-4
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY*

<i>Value-to-Lien Category</i>	<i>Number of Parcels/ Units</i>	<i>Fiscal Year 2024- 25 Assessed Value</i>	<i>Percent of Fiscal Year 2024- 25 Assessed Value</i>	<i>Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>Percent of Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>CFD No. 2001-1 IA B Bonds⁽¹⁾</i>	<i>Percent Share of 2001-1 IA B Bonds</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 30.00:1 ⁽³⁾	3	\$ 1,357,710	0.46%	\$ 2,854	0.82%	\$ 19,585	0.82%	\$ 28,423	\$ 48,008	28.3:1
Between 30.00:1 to 40.00:1	26	18,862,651	6.40	30,751	8.81	211,051	8.81	289,172	500,224	37.7:1
Between 40.01:1 to 50.00:1	132	108,334,585	36.78	153,674	44.04	1,054,689	44.04	1,327,827	2,382,516	45.5:1
Between 50.01:1 to 60.00:1	62	58,872,764	19.98	72,097	20.66	494,812	20.66	594,438	1,089,250	54.1:1
Greater than 60.00:1 ⁽³⁾	66	107,159,415	36.38	89,589	25.67	614,863	25.67	663,516	1,278,379	83.8:1
Totals	289	\$ 294,587,125	100.00%	\$ 348,965	100.00%	\$2,395,000	100.00%	\$ 2,903,376	\$ 5,298,376	55.6:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

⁽³⁾ The minimum value to lien in the Less than 30.00:1 category is 26.3:1*. The maximum value to lien in the Greater than 60.00:1 category is 201.1:1*.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2001-1 Improvement Area B for the Fiscal Years shown.

TABLE A-5
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Value</i>	<i>Structure Assessed Value</i>	<i>Total Assessed Value</i>	<i>Percent Change in Total Assessed Value</i>
2020-21	\$86,994,439	\$172,334,385	\$259,328,824	--
2021-22	90,056,189	176,788,588	266,844,777	2.90%
2022-23	95,649,454	182,281,455	277,930,909	4.15
2023-24	101,653,808	187,851,719	289,505,527	4.16
2024-25	104,193,157	191,359,790	295,552,947	2.09

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-6 below summarizes the Special Tax delinquencies within CFD No. 2001-1 Improvement Area B for Fiscal Years 2019-20 through 2023-24 as of June 1, 2025.

TABLE A-6
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA B
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$390,995	289	3	\$3,529	0.90%	0	\$ 0	0.00%
2020-21	386,493	289	5	5,132	1.33	0	0	0.00
2021-22	387,341	289	5	4,579	1.18	0	0	0.00
2022-23	383,704	289	6	7,603	1.98	1	1,425	0.37
2023-24	382,620	289	3	3,151	0.82	1	1,341	0.82

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Community Facilities District No. 07-I

Location and Description. Community Facilities District No. 07-I (“CFD No. 07-I”) was formed in 2003 and is located generally to the east of the South Bay Expressway at Birch Road and is bordered by Olympic Parkway on the north, Eastlake Parkway to the west, and Hunte Parkway on the south and east.

Development in CFD No. 07-I is complete with 1,969 homes, consisting of 1,351 single-family detached residences and 617 single-family attached residences, and a commercial development on one parcel (totaling approximately 9 acres) with approximately 115,000 square feet of retail space. The residences range in size from 1,279 square feet to 3,817 square feet.

Assigned Special Taxes. Table A-7 below sets forth the Special Taxes that are projected to be levied on taxable property within CFD No. 07-I in Fiscal Year 2025-26. The Special Taxes in CFD No. 07-I may not be levied after Fiscal Year 2043-44. The final maturity of the CFD No. 07-I is September 1, 2036.

For the complete text of the CFD No. 07-I Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

TABLE A-7
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 7-I
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Description</i>	<i>Number of Parcels/Units</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Maximum Special Tax Fiscal Year 2025-26</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Fiscal Year 2025-26 Special Tax Levy*</i>
Developed Commercial	1	\$ 59,189,882	\$ 218,689	\$ 34,387	1.8%
Developed Residential - Attached ⁽³⁾	617	303,423,302	1,054,904	481,575	25.5
Developed Residential - Detached	<u>1,351</u>	<u>903,024,067</u>	<u>2,453,737</u>	<u>1,373,712</u>	<u>72.7</u>
Totals	1,969	\$1,265,637,251	\$3,727,329	\$ 1,889,674	100.0%

* Preliminary, subject to change.

⁽¹⁾ Reflects the Fiscal Year 2024-25 assessed value of the taxable property.

Source: San Diego County Assessor’s Office, Spicer Consulting Group, LLC.

Direct and Overlapping Debt. CFD No. 07-I is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 07-I is shown in Table A-8 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 07-I; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE A-8
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 7-I
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2025

I. Fiscal Year 2024-25 Assessed Value \$1,265,637,251

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Amount Applicable</i>
Chula Vista Elementary School District CFD No. 14	CFD	\$13,119,145	95.680%	\$12,552,358
Sweetwater Union High School District CFD No. 14	CFD	1,819,323	95.631	1,739,845
City of Chula Vista CFD No. 07-I, Series 2024	CFD	8,635,000	100.000	8,635,000
City of Chula Vista CFD No. 07-I, Series 2025	CFD	7,000,000*	100.000	<u>7,000,000*</u>
TOTAL LAND SECURED BONDED DEBT				\$29,927,202*

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable⁽¹⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$19,215,000	0.033%	\$ 6,298
Southwestern Community College District	GO	719,185,157	1.703	12,244,166
Sweetwater Union High School District	GO	624,127,497	2.026	12,642,751
Chula Vista Elementary School District	GO	252,059,000	2.941	<u>7,413,569</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT				\$32,306,785

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$62,233,987***

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	42.3:1*
Total Outstanding Bonded Debt	20.3:1*

* Preliminary, subject to change.

⁽¹⁾ Calculated by dividing the assessed value by the total assessed value for Fiscal Year 2024-25.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Value-to-Lien. Development is complete on the Taxable Property within CFD No. 07-I, with all planned homes transferred to individual homeowners and all commercial development completed. Table A-9 sets forth the value-to-lien ratio of the property within CFD No. 07-I for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

The Authority has obtained the assessed values of all of the taxable property in CFD No. 07-I, as established by the County Assessor for Fiscal Year 2024-25, which totals \$1,265,637,251. The assessed value-to-lien ratio of the property within CFD No. 07-I, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within CFD No. 07-I, and assuming that the CFD No. 07-I Bonds have been issued to refund the Prior CFD No. 07-I Bonds, equals approximately 42.3:1*. This ratio does not include other overlapping debt general obligation debt within CFD No. 07-I. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within CFD No. 07-I to the total principal amount of all direct and overlapping debt for CFD No. 07-I is approximately 20.3:1*.

Table A-10 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 07-I based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 07-I Bonds (allocated to each parcel based upon its respective share of the total projected Special

* Preliminary, subject to change.

Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within CFD No. 07-I to its respective share of the principal amount of the CFD No. 07-I Bonds can be expected to vary.

TABLE A-9
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 7-I
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 07-I 2025 Bonds^{(1)*}</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
San Diego Retail 1 LLC	1	\$ 34,387	1.82%	\$ 59,189,882	\$ 127,380	\$ 157,134	\$ 284,514	208.0:1
Gramico Inc	4	3,402	0.18	1,510,739	12,602	40,891	53,493	28.2:1
Investments of The Baja Californias LLC	3	2,339	0.12	827,556	8,664	26,757	35,421	23.4:1
Gadallah Luay & Ramy Btissam	2	2,126	0.11	1,203,110	7,876	27,289	35,165	34.2:1
Diaz Cesar	2	2,126	0.11	1,362,034	7,876	24,402	32,278	42.2:1
Ruvalcaba Jose A	2	2,126	0.11	1,369,859	7,876	22,705	30,581	44.8:1
HGM Properties LLC	2	1,914	0.10	1,033,138	7,088	25,661	32,750	31.6:1
Eastlake Properties LLC	2	1,914	0.10	784,895	7,088	21,369	28,457	27.6:1
Peluso/Aertgeerts Family Trust 01-30-09	3	1,914	0.10	789,663	7,088	24,184	31,273	25.3:1
Lee Michelle M	2	1,701	0.09	1,130,451	6,301	17,639	23,940	47.2:1
Subtotal	23	53,947	2.85	69,201,327	199,839	388,032	587,871	117.7:1
All Other Individual Property Owners	1946	1,835,726	97.15	1,196,435,924	6,800,161	22,539,170	29,339,331	40.8:1
Totals	1969	\$1,889,674	100.00%	\$1,265,637,251	\$ 7,000,000	\$22,927,202	\$ 29,927,202	42.3:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Includes the \$8,635,000 outstanding CFD No. 07-I 2024 Bonds. Does not include overlapping general obligation debt.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

TABLE A-10
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 7-I
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY*

<i>Value-to-Lien Category</i>	<i>Number of Parcels/ Units</i>	<i>Fiscal Year 2024- 25 Assessed Value</i>	<i>Percent of Fiscal Year 2024- 25 Assessed Value</i>	<i>Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>Percent of Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>CFD No. 07-I 2025 Bonds⁽¹⁾</i>	<i>Percent Share of 07-I 2025 Bonds</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 20.00:1 ⁽³⁾	9	\$ 1,739,859	0.14%	\$ 7,867	0.42%	\$ 29,141	0.42%	\$ 82,105	\$ 111,246	15.6:1
Between 20.00:1 to 30.00:1	296	116,814,215	9.23	274,487	14.53	1,016,795	14.53	3,301,517	4,318,312	27.1:1
Between 30.01:1 to 40.00:1	667	363,447,755	28.72	638,273	33.78	2,364,383	33.78	7,963,348	10,327,730	35.2:1
Between 40.01:1 to 50.00:1	591	390,132,055	30.82	557,054	29.48	2,063,519	29.48	6,812,073	8,875,592	44.0:1
Greater than 50.00:1 ⁽³⁾	<u>406</u>	<u>393,503,367</u>	<u>31.09</u>	<u>411,993</u>	<u>21.80</u>	<u>1,526,163</u>	<u>21.80</u>	<u>4,768,159</u>	<u>6,294,321</u>	62.5:1
Totals	1,969	\$ 1,265,637,251	100.00%	\$1,889,674	100.00%	\$7,000,000	100.00%	\$22,927,202	\$29,927,202	42.3:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Includes the outstanding CFD No. 07-I 2024 Bonds. Does not include overlapping general obligation debt.

⁽³⁾ The minimum value to lien in the Less than 20.00:1 category is 7.1:1*. The maximum value to lien in the Greater than 50.00:1 category is 208.0:1*.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 07-I for the Fiscal Years shown.

TABLE A-11
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 07-I
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Value</i>	<i>Structure Assessed Value</i>	<i>Total Assessed Value</i>	<i>Percent Change in Total Assessed Value</i>
2020-21	\$456,250,013	\$570,761,653	\$1,027,011,666	--
2021-22	473,882,129	587,864,356	1,061,746,485	3.38%
2022-23	516,056,089	630,960,219	1,147,016,308	8.03
2023-24	552,692,038	666,119,524	1,218,811,562	6.26
2024-25	580,745,394	684,891,857	1,265,637,251	3.84

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-12 below summarizes the Special Tax delinquencies within CFD No. 07-I for Fiscal Years 2019-20 through Fiscal Year 2023-24 as of June 1, 2025.

TABLE A-12
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 07-I
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$2,383,788	1,926	19	\$14,222	0.60%	0	\$ 0	0.00%
2020-21	2,392,430	1,926	14	10,019	0.42	1	412	0.02
2021-22	2,396,922	1,926	15	12,238	0.51	1	825	0.03
2022-23	2,365,301	1,927	12	10,246	0.43	1	798	0.03
2023-24	2,361,648	1,969	14	11,692	0.50	4	3,322	0.50

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Community Facilities District 12-I

Location and Description. Community Facilities District No. 12-I (“CFD No. 12-I”) was formed in 2005 and is located generally on the southeast corner of Birch Road and Magdalena Avenue, adjacent to the South Bay Expressway. Development in CFD No. 12-I is complete with 759 homes, consisting of 541 single-family detached residences and 218 single-family attached residences. The residences range in size from 1,175 square feet to 3,005 square feet.

Assigned Special Taxes. Table A-13 below sets forth the Special Taxes that are projected to be levied on taxable property within CFD No. 12-I in Fiscal Year 2025-26. The Special Taxes in CFD No. 12-I may not be levied after Fiscal Year 2046-47. The final maturity of the CFD No. 12-I Bonds is September 1, 2035.

For the complete text of the CFD No. 12-I Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

TABLE A-13
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Description</i>	<i>Number of Parcels/Units</i>	<i>Fiscal Year 2024- 25 Assessed Value ⁽¹⁾</i>	<i>Maximum Special Tax Fiscal Year 2025-26</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Fiscal Year 2025-26 Special Tax Levy*</i>
Developed Residential - Attached ⁽³⁾	218	\$ 99,320,539	\$ 338,420	\$ 145,826	20.7%
Developed Residential - Detached	<u>541</u>	<u>331,981,028</u>	<u>1,180,942</u>	<u>560,308</u>	<u>79.3</u>
Totals	759	\$ 431,301,567	\$1,519,362	\$ 706,135	100.0%

* Preliminary, subject to change.

⁽¹⁾ Reflects the Fiscal Year 2024-25 assessed value of the taxable property.

Source: San Diego County Assessor’s Office, Spicer Consulting Group, LLC.

Direct and Overlapping Debt. CFD No. 12-I is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 12-I is shown in Table A-14 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 12-I; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE A-14
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2025

I. Fiscal Year 2024-25 Assessed Value \$431,301,567

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Amount Applicable</i>
Chula Vista Elementary School District CFD No. 11	CFD	\$14,089,320	33.032%	\$ 4,654,003
Sweetwater Union High School District CFD No. 16	CFD	1,106,160	100.000	1,106,160
City of Chula Vista CFD No. 12-I, Series 2025	CFD	5,125,000*	100.000	<u>5,125,000*</u>
TOTAL LAND SECURED BONDED DEBT				\$10,885,163*

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable⁽¹⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$19,215,000	0.011%	\$ 2,146
Southwestern Community College District	GO	719,185,157	0.580	4,172,545
Sweetwater Union High School District	GO	624,127,497	0.690	4,308,374
Chula Vista Elementary School District	GO	252,059,000	1.002	<u>2,526,383</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT				\$11,009,448

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 21,894,611***

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	39.6:1*
Total Outstanding Bonded Debt	19.7:1*

* Preliminary, subject to change.

⁽¹⁾ Calculated by dividing the assessed value by the total assessed value for Fiscal Year 2024-25.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Value-to-Lien. Development is complete on the Taxable Property within CFD No. 12-I, with all homes transferred to individual homeowners. Table A-15 sets forth the value-to-lien ratio of the property within CFD No. 12-I for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

The Authority has obtained the assessed values of all of the taxable property in CFD No. 12-I, as established by the County Assessor for Fiscal Year 2024-25, which totals \$431,301,567. The assessed value-to-lien ratio of the property within CFD No. 12-I, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 12-I Bonds have been issued to refund the Prior CFD No. 12-I Bonds, equals approximately 39.6:1*. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 12-I. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 12-I to the total principal amount of all direct and overlapping debt for CFD No. 12-I is approximately 19.7:1*.

Table A-16 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 12-I based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 12-I Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 12-I Bonds. The ratio of the value of an individual lot within CFD No. 12-I to its respective share of the principal amount of the CFD No. 12-I Bonds can be expected to vary.

* Preliminary, subject to change.

TABLE A-15
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Fiscal Year 2024- 25 Assessed Value</i>	<i>CFD No. 12-I Bonds^{(1)*}</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
Haines Gary D & Alicia D	1	\$ 1,818	0.26%	\$ 763,087	\$ 13,195	\$ 10,892	\$ 24,086	31.7:1
Pitel Roderick D & Joyce	1	1,731	0.25	447,733	12,565	10,746	23,311	19.2:1
Berry Quintin	1	1,731	0.25	654,984	12,565	10,644	23,209	28.2:1
Valles Edgar J	1	1,731	0.25	1,134,036	12,565	10,405	22,971	49.4:1
Saldivar Carlos A	1	1,731	0.25	1,025,624	12,565	9,950	22,515	45.6:1
Ramos Family Trust 06-12-24	1	1,731	0.25	673,135	12,565	10,123	22,688	29.7:1
Mangubat Charlesivan C & Lantacon Rachel D	1	1,731	0.25	707,584	12,565	10,106	22,671	31.2:1
Ibanez Richard B & Cimon Catherine P	1	1,731	0.25	1,046,663	12,565	10,019	22,585	46.3:1
Silva Anthony T & Elizabeth	1	1,731	0.25	519,121	12,565	10,195	22,760	22.8:1
Pope Revocable Living Trust 10-09-20	<u>1</u>	<u>1,731</u>	<u>0.25</u>	<u>716,157</u>	<u>12,565</u>	<u>10,102</u>	<u>22,667</u>	31.6:1
Subtotal	10	17,400	2.46	7,688,124	126,283	103,181	229,464	33.5:1
All Other Individual Property Owners	<u>749</u>	<u>688,735</u>	<u>97.54</u>	<u>423,613,443</u>	<u>4,998,717</u>	<u>5,656,982</u>	<u>10,655,699</u>	39.8:1
Totals	759	\$ 706,135	100.00%	\$ 431,301,567	\$ 5,125,000	\$ 5,760,163	\$ 10,885,163	39.6:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

TABLE A-16
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY*

<i>Value-to-Lien Category</i>	<i>Number of Parcels/ Units</i>	<i>Fiscal Year 2024- 25 Assessed Value</i>	<i>Percent of Fiscal Year 2024- 25 Assessed Value</i>	<i>Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>Percent of Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>CFD No. 12-I Bonds⁽¹⁾</i>	<i>Percent Share of CFD No. 12-I Bonds</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 20.00:1 ⁽³⁾	3	\$ 993,387	0.23%	\$ 4,098	0.58%	\$ 29,745	0.58%	\$ 31,524	\$ 61,269	16.2:1
Between 20.00:1 to 30.00:1	77	36,346,584	8.43	108,774	15.40	789,462	15.40	622,925	1,412,387	25.7:1
Between 30.01:1 to 40.00:1	361	184,710,946	42.83	331,882	47.00	2,408,739	47.00	2,823,358	5,232,097	35.3:1
Greater than 40.00:1 ⁽³⁾	318	<u>209,250,650</u>	<u>48.52</u>	<u>261,381</u>	<u>37.02</u>	<u>1,897,054</u>	<u>37.02</u>	<u>2,282,356</u>	<u>4,179,410</u>	50.1:1
Totals	759	\$ 431,301,567	100.00%	\$ 706,135	100.00%	\$5,125,000	100.00%	\$ 5,760,163	\$10,885,163	39.6:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

⁽³⁾ The minimum value to lien in the Less than 20.00:1 category is 6.2:1*. The maximum value to lien in the Greater than 40.00:1 category is 77.9:1*.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the historical and current assessed values within CFD No. 12-I for the Fiscal Years shown.

TABLE A-17
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
ASSESSED VALUATION HISTORY
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Value</i>	<i>Structure Assessed Value</i>	<i>Total Assessed Value</i>	<i>Percent Change in Total Assessed Value</i>
2020-21	\$128,097,616	\$230,189,181	\$358,286,797	--
2021-22	134,214,221	234,769,860	368,984,081	2.99%
2022-23	151,607,071	243,268,628	394,875,699	7.02
2023-24	162,030,102	253,534,445	415,564,547	5.24
2024-25	173,244,686	258,056,881	431,301,567	3.79

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-18 below summarizes the Special Tax delinquencies within CFD No. 12-I for Fiscal Years 2019-20 through 2023-24 as of June 1, 2025.

TABLE A-18
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$792,535	759	4	\$3,418	0.43%	0	\$ 0	0.00%
2020-21	817,214	759	3	2,631	0.32	0	0	0.00
2021-22	845,184	759	1	1,051	0.12	0	0	0.00
2022-23	843,762	759	2	1,595	0.19	0	0	0.00
2023-24	846,453	759	4	4,749	0.56	0	0	0.00

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Community Facilities District No. 13-I

Location and Description. Community Facilities District No. 13-I (“CFD No. 13-I”) was formed in 2005 and is located generally south of Birch Road, west of Magdalena Avenue, east of La Media Road, and is bordered to the south by currently undeveloped land. Development in CFD No. 13-I is complete with 361 single-family detached residences. The residences range in size from 1,523 square feet to 3,138 square feet.

Assigned Special Taxes. Table A-19 below sets forth the Special Taxes that are projected to be levied on taxable property within CFD No. 13-I in Fiscal Year 2025-26. The Special Taxes may not be levied after Fiscal Year 2046-47. The final maturity of the CFD No. 13-I Bonds is September 1, 2035. For the complete text of the CFD No. 13-I Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

TABLE A-19
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Description</i>	<i>Number of Parcels/Units</i>	<i>Fiscal Year 2024- 25 Assessed Value ⁽¹⁾</i>	<i>Maximum Special Tax Fiscal Year 2025-26</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Fiscal Year 2025-26 Special Tax Levy*</i>
Developed Residential - Detached	<u>361</u>	<u>\$ 232,180,467</u>	<u>\$ 889,021</u>	<u>\$ 232,826</u>	<u>100.0%</u>
Totals	361	\$ 232,180,467	\$ 889,021	\$ 232,826	100.0%

* Preliminary, subject to change.

⁽¹⁾ Reflects the Fiscal Year 2024-25 assessed value of the taxable property.

Source: San Diego County Assessor’s Office, Spicer Consulting Group, LLC.

Direct and Overlapping Debt. CFD No. 13-I is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 13-I is shown in Table A-20 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 13-I; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE A-20
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2025

I. Fiscal Year 2024-25 Assessed Value \$232,180,467

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Amount Applicable</i>
Chula Vista Elementary School District CFD No. 17	CFD	\$16,099,988	22.320%	\$3,593,491
Sweetwater Union High School District CFD No. 17	CFD	2,034,514	21.556	438,564
City of Chula Vista CFD No. 13-I, Series 2025	CFD	1,545,000*	100.000	1,545,000*
TOTAL LAND SECURED BONDED DEBT				\$5,577,055*

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Outstanding</i>	<i>Percentage Applicable⁽²⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$19,215,000	0.006%	\$ 1,155
Southwestern Community College District	GO	719,185,157	0.312	2,246,186
Sweetwater Union High School District	GO	624,127,497	0.372	2,319,306
Chula Vista Elementary School District	GO	252,059,000	0.540	1,360,015
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT				\$5,926,662

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$11,503,718***

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	41.6:1*
Total Outstanding Bonded Debt	20.2:1*

* Preliminary, subject to change.

⁽¹⁾ Calculated by dividing the assessed value by the total assessed value for Fiscal Year 2024-25.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Value-to-Lien. Development is complete within CFD No. 13-I, with all planned homes transferred to individual homeowners. Table A-21 sets forth the value-to-lien ratio of the property within CFD No. 13-I for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

The Authority has obtained the assessed values of all of the taxable property in CFD No. 13-I, as established by the County Assessor for Fiscal Year 2024-25, which totals \$232,180,467. The assessed value-to-lien ratio of the property within CFD No. 13-I, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 13-I Bonds have been issued to refund the Prior Improvement CFD No. 13-I Bonds, equals approximately 41.6:1*. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 13-I. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 13-I to the total principal amount of all direct and overlapping debt for CFD No. 13-I is approximately 20.2:1*.

Table A-22 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 13-I based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 13-I Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 13-I Bonds.

* Preliminary, subject to change.

The ratio of the value of an individual lot within CFD No. 13-I to its respective share of the principal amount of the CFD No. 13-I Bonds can be expected to vary.

TABLE A-21
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax Levy*</i>	<i>Fiscal Year 2024- 25 Assessed Value⁽¹⁾</i>	<i>CFD No. 13-I Bonds^{(1)*}</i>	<i>All Other Overlapping Debt⁽²⁾</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
Gatbonton Zoraida T	2	\$ 1,508	0.65%	\$ 1,273,317	\$ 10,005	\$ 20,944	\$ 30,949	41.1:1
Cua Lourdes C	1	1,176	0.51	516,776	7,805	13,414	21,219	24.4:1
Le Eric H & Elizabeth	1	1,176	0.51	1,048,781	7,805	13,414	21,219	49.4:1
Tibia Luciano & Maria C H	1	1,176	0.51	649,919	7,805	13,414	21,219	30.6:1
Franco Jose Jr	1	1,176	0.51	795,905	7,805	13,414	21,219	37.5:1
Almeida Chris A & Elizabeth S	1	1,176	0.51	609,300	7,805	13,414	21,219	28.7:1
Moreno Reyes Trust 02-21-19	1	1,176	0.51	745,272	7,805	13,414	21,219	35.1:1
Katz David C Jr	1	1,176	0.51	699,929	7,805	13,414	21,219	33.0:1
Hernandez Josue E & Maria G	1	1,176	0.51	648,975	7,805	13,414	21,219	30.6:1
Bond Gregory F & Rachel R	<u>1</u>	<u>1,176</u>	<u>0.51</u>	<u>638,941</u>	<u>7,805</u>	<u>13,414</u>	<u>21,219</u>	<u>30.1:1</u>
Subtotal	11	12,093	5.19	7,627,115	80,250	141,669	221,919	34.4:1
All Other Individual Property Owners	<u>350</u>	<u>220,733</u>	<u>94.81</u>	<u>224,553,352</u>	<u>1,464,750</u>	<u>3,890,386</u>	<u>5,355,137</u>	<u>41.9:1</u>
Totals	361	\$ 232,826	100.00%	\$ 232,180,467	\$ 1,545,000	\$ 4,032,055	\$ 5,577,055	41.6:1

* Preliminary, subject to change.

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

TABLE A-22
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY*

<i>Value-to-Lien Category</i>	<i>Number of Parcels/ Units</i>	<i>Assessed Value ⁽¹⁾</i>	<i>Percent of Assessed Value</i>	<i>Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>Percent of Projected Special Tax Levy Fiscal Year 2025-26</i>	<i>CFD No. 13-I Bonds ^{(1)*}</i>	<i>Percent Share of CFD No. 13-I Bonds</i>	<i>All Other Overlapping Debt ⁽²⁾</i>	<i>Total Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 20.00:1 ⁽³⁾	2	\$ 375,258	0.16%	\$ 2,134	0.92%	\$ 14,160	0.92%	\$ 20,893	\$ 35,053	10.7:1
Between 20.00:1 to 30.00:1	29	13,303,385	5.73	30,473	13.09	202,217	13.09	307,510	509,727	26.1:1
Between 30.01:1 to 40.00:1	145	85,982,714	37.03	93,603	40.20	621,137	40.20	1,746,544	2,367,681	36.3:1
Between 40.01:1 to 50.00:1	107	70,329,357	30.29	61,202	26.29	406,126	26.29	1,181,486	1,587,612	44.3:1
Greater than 50.00:1 ⁽³⁾	78	62,189,753	26.79	45,414	19.51	301,360	19.51	775,623	1,076,983	57.7:1
Totals	361	\$ 232,180,467	100.00%	\$ 232,826	100.00%	\$1,545,000	100.00%	\$ 4,032,055	\$ 5,577,055	41.6:1

* *Preliminary, subject to change.*

⁽¹⁾ Allocated based on the projected Fiscal Year 2025-26 Special Tax levy.

⁽²⁾ Does not include overlapping general obligation debt.

⁽³⁾ The minimum value to lien in the Less than 20.00:1 category is 4.5:1*. The maximum value to lien in the Greater than 50.00:1 category is 93.1:1*.

Source: San Diego County Assessor's Office, Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 13-I for the Fiscal Years shown.

TABLE A-23
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Value</i>	<i>Structure Assessed Value</i>	<i>Total Assessed Value</i>	<i>Percent Change in Total Assessed Value</i>
2020-21	\$64,085,998	\$133,346,793	\$197,432,791	--
2021-22	67,403,331	135,802,109	203,205,440	2.92%
2022-23	76,654,198	137,268,831	213,923,029	5.27
2023-24	82,343,661	141,635,504	223,979,165	4.70
2024-25	87,680,682	144,499,785	232,180,467	3.66

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-24 below summarizes the Special Tax delinquencies within CFD No. 13-I for Fiscal Years 2019-20 through 2023-24 as of June 1, 2025.

TABLE A-24
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$283,021	361	2	\$ 841	0.30%	0	\$ 0	0.00%
2020-21	279,047	361	3	1,959	0.70	0	0	0.00
2021-22	281,646	361	0	0	0.00	0	0	0.00
2022-23	284,078	361	0	0	0.00	0	0	0.00
2023-24	279,503	361	0	0	0.00	0	0	0.00

Source: San Diego County Assessor's Office; Spicer Consulting Group, LLC.

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

SUMMARY OF AUTHORITY INDENTURE

The following is a brief summary of certain provisions of the Indenture governing the terms of the Bonds. This summary includes only the provisions of the documents not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

SUMMARY OF THE LOCAL OBLIGATION INDENTURES

The following is a brief summary of certain provisions of the Bond Indentures for the CFD No. 2001-1 Improvement Area B Bonds, the CFD No. 07-I Bonds, the CFD No. 13-I Bonds and the CFD No. 12-I Bonds governing the terms of such bonds (collectively, the "Bond Indentures"). Except as otherwise described below, such Bond Indentures are substantially similar. This summary includes only the provisions of the Bond Indentures not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

APPENDIX C

DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SAN DIEGO AND THE CITY OF CHULA VISTA

The Bonds are not obligations of the City of Chula Vista (the “City”) or the County of San Diego (the “County”) and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”).

General

Chula Vista is located on the San Diego Bay in Southern California, approximately eight miles south of the City of San Diego and approximately seven miles north of the Mexico border, in an area generally known as “South Bay.” Chula Vista’s city limits cover approximately 50 square miles. Neighboring communities include the City of San Diego and National City to the north and the City of Imperial Beach and the communities of San Ysidro and Otay Mesa to the south. With a January 2025 estimated population of approximately 281,401, Chula Vista is the second largest city in the County.

Population

The following table shows estimated population figures as of each January 1 for the City, the County and the State for 2021 through 2025.

Area	2021	2022	2023	2024	2025
City of Chula Vista	276,575	276,738	279,013	280,840	281,401
County of San Diego	3,289,937	3,282,556	3,300,587	3,315,362	3,330,139
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

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

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2020 through 2024.

BUILDING PERMIT VALUATIONS⁽¹⁾ City of Chula Vista 2020-2024

	2020	2021	2022	2023	2024
Residential	\$244,048,025	\$270,279,706	\$183,949,367	\$262,959,081	\$236,278,512
Non-residential	<u>51,555,699</u>	<u>13,302,121</u>	<u>302,731,012</u>	<u>198,233,695</u>	<u>50,000,975</u>
Total	\$295,603,724	\$283,581,827	\$486,680,379	\$461,192,776	\$286,279,487
 Total Permits	 1,021	 1,799	 979	 1,156	 1,275

⁽¹⁾ Excludes additions and alterations.

Source: Construction Industry Research Board.

Employment

The following tables show the largest employers located in the City and County as of June 30, 2024.

LARGEST EMPLOYERS

City of Chula Vista

(as of June 30, 2024)

<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
Sweetwater Union High School District	3,983	Education
Chula Vista Elementary School District	3,923	Education
Sharp Chula Vista Medical Center	3,114	Healthcare
Southwestern Community College	1,994	Higher Education
Wal-Mart	1,451	Retail- General Merchandise
City of Chula Vista	1,443	Municipal Government
Rohr Inc./Goodrich Aerospace	1,303	Aerospace/Manufacturing
Scripps Mercy Hospital Chula Vista	1,073	Healthcare
SBCS Corporation	1,004	Nonprofit Organization
Costco Wholesale	777	Retail- General Merchandise

Source: City of Chula Vista Annual Comprehensive Financial Report for the year ending June 30, 2024.

County of San Diego

(as of June 30, 2024)

<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
U.C. San Diego	35,802	Higher Education
Sharp Healthcare	19,468	Healthcare
County of San Diego	17,954	Municipal Government
City of San Diego	11,820	Municipal Government
General Atomics and affiliates	6,745	Technology
San Diego State University	6,454	Higher Education
Rady Children's Hospital – San Diego	5,711	Healthcare
San Diego Community College District	5,400	Higher Education
Sempra Energy	5,063	Energy
YMCA of San Diego County	5,057	Non-profit Organization

Source: County of San Diego Comprehensive Annual Financial Report for the year ending June 30, 2024.

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Employment and Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the San Diego-Carlsbad Metropolitan Statistical Area (the “MSA”). The following table represents the Annual Average Labor Force and Industry Employment for the San Diego-Carlsbad MSA for the period from 2020 through 2024.

SAN DIEGO-CARLSBAD MSA INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

<i>Industry</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Government	237,100	237,900	246,600	249,500	254,700
Other Services	44,800	47,500	54,400	56,800	57,500
Leisure and Hospitality	144,800	161,600	193,100	200,900	202,500
Educational and Health Services	210,900	216,700	228,300	244,500	257,300
Professional and Business Services	248,300	265,300	282,500	275,600	267,300
Financial Activities	74,800	76,200	76,900	72,500	71,400
Information	22,100	21,500	22,100	22,000	21,100
Transportation, Warehousing and Utilities	33,300	37,100	40,100	41,300	42,400
Service Producing					
Retail Trade	133,200	137,600	138,600	138,800	137,600
Wholesale Trade	41,300	42,100	43,700	43,500	42,900
Manufacturing					
Nondurable Goods	28,400	30,500	32,300	30,900	29,700
Durable Goods	85,400	83,900	84,600	84,600	82,900
Mining, Logging and Construction	<u>81,600</u>	<u>84,100</u>	<u>87,800</u>	<u>89,700</u>	<u>90,600</u>
Total Nonfarm	<u>1,385,800</u>	<u>1,442,100</u>	<u>1,531,000</u>	<u>1,550,500</u>	<u>1,558,100</u>
Farm	<u>9,200</u>	<u>9,000</u>	<u>9,600</u>	<u>9,400</u>	<u>9,000</u>
Total (all industries)	<u>1,395,000</u>	<u>1,451,100</u>	<u>1,540,600</u>	<u>1,559,800</u>	<u>1,567,100</u>

Source: State of California Employment Development Department, Labor Market Information Division, “*Industry Employment & Labor Force.*”

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The following table summarizes the labor force, employment and unemployment figures for the period from 2020 through 2024 for the City, the County, the State and the nation as a whole.

**CITY OF CHULA VISTA,
COUNTY OF SAN DIEGO,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate</i>
<u>2020</u>				
Chula Vista	127,600	114,600	13,000	10.2%
San Diego County	1,569,600	1,425,300	144,300	9.2
California	18,956,600	17,039,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
Chula Vista	128,300	119,000	9,200	7.2%
San Diego County	1,571,300	1,471,300	100,000	6.4
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
Chula Vista	130,200	125,200	5,000	3.8%
San Diego County	1,609,800	1,554,700	55,100	3.4
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
Chula Vista	132,200	127,000	5,200	4.0%
San Diego County	1,636,700	1,575,700	61,000	3.7
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
<u>2024</u>				
Chula Vista	133,200	127,100	6,100	4.6%
San Diego County	1,648,500	1,577,300	71,200	4.3
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

Per Capita Personal Income

Per capita personal income information for the City, the County, the State of California and the United States are summarized in the following table.

**PER CAPITA PERSONAL INCOME
CITY OF CHULA VISTA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA**

**AND UNITED STATES
2019 – 2023**

<i>Year</i>	<i>City of Chula Vista⁽¹⁾</i>	<i>County of San Diego⁽²⁾</i>	<i>State of California⁽²⁾</i>	<i>United States⁽²⁾</i>
2019	\$57,057	\$62,058	\$64,219	\$55,567
2020	60,482	67,569	70,098	59,123
2021	59,207	73,084	76,882	64,460
2022	60,072	74,476	76,941	66,244
2023	Not available	89,122	81,255	69,810

Source: ⁽¹⁾ City of Chula Vista Annual Comprehensive Financial Report for the year ending June 30, 2024.

⁽²⁾ U.S. Bureau of Economic Analysis, “CAINC1 County and MSA personal income summary: personal income, population, per capita personal income”

Taxable Sales

Taxable transactions by type of business for the City are summarized below for calendar years 2020 through 2024.

**CITY OF CHULA VISTA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in thousands)
2020 – 2024**

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
<i>Retail and Food Services</i>					
Motor Vehicle and Parts Dealers	\$ 248,946	\$ 336,006	\$ 392,158	\$ 434,896	\$ 439,656
Home Furnishings and Appliance Stores	152,753	192,293	177,282	170,268	167,676
Building Material, Garden Supplies	176,994	187,030	193,023	180,254	181,794
Food and Beverage Stores	178,700	180,726	189,597	195,120	185,653
Gasoline Stations	218,730	319,825	378,776	376,065	376,115
Clothing and Accessories Stores	135,662	198,309	224,553	236,609	252,362
General Merchandise	657,855	778,798	887,687	887,147	885,244
Food Services and Drinking Places	397,256	519,762	585,523	622,885	653,892
Other Retail Group	<u>199,236</u>	<u>245,247</u>	<u>278,290</u>	<u>281,378</u>	<u>265,649</u>
Total Retail and Food Services	2,366,132	2,957,997	3,306,890	3,384,623	3,408,042
<i>All Other Outlets</i>	<u>280,148</u>	<u>343,915</u>	<u>425,226</u>	<u>438,444</u>	<u>475,588</u>
Total All Outlets	\$2,646,280	\$3,301,912	\$3,732,116	\$3,823,067	\$3,883,630

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, “Taxable Sales - Cities by Type of Business.”

**COUNTY OF SAN DIEGO
TAXABLE TRANSACTIONS
(in thousands)
2020-2024**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2020	46,531	\$17,477,630
2021	42,709	21,823,571
2022	44,271	25,294,367
2023	43,656	25,718,127
2024	44,044	25,353,330

Source: Taxable Sales in California, California Department of Tax
and Fee Administration.

APPENDIX D

RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS

AMENDED RATE AND METHOD OF APPORTIONMENT FOR CITY OF CHULA VISTA COMMUNITY FACILITIES DISTRICT NO. 2001-1, IMPROVEMENT AREA B (SAN MIGUEL RANCH)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property within the City of Chula Vista Community Facilities District No. 2001-1 ("CFD No. 2001-1 Improvement Area B") and collected each Fiscal Year commencing in Fiscal Year 2005-06, in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property," and "Undeveloped Property" as described below. All of the real property in Improvement Area B, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"A' Map" shall mean a master final subdivision or parcel map, filed in accordance with the Subdivision Map Act and the Chula Vista Municipal Code, which subdivides the land or a portion thereof shown on a tentative map into "super block" lots corresponding to units or phasing of a combination of units as shown on such tentative map and which may further show open space lot dedications, backbone street dedications and utility easements required to serve such "super block" lots.

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps are not available, the Acreage shall be determined by the City Engineer.

"Act" means the Mello-Roos Community 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 the following actual or reasonably estimated costs directly related to the administration of Improvement Area B of CFD No. 2001-1 including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2001-1, or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2001-1, or any designee thereof of complying with disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2001-1, or any designee thereof related to an appeal of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2001-1, Improvement Area B for any other administrative purposes of CFD

No. 2001-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

"Assigned Special Tax" means the Special Tax for each Land Use Category of Developed Property as determined in accordance with Section C.1.a.

"Available Funds" means the balance in the reserve fund established pursuant to the terms of the Indenture in excess of the reserve requirement as defined in such Indenture, delinquent Special Tax payments, the Special Tax prepayments collected to pay interest on Bonds, and other sources of funds available as a credit to the Special Tax Requirement as specified in such Indenture.

"Backup Special Tax" means the Special Tax amount set forth in Section C.1.b.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 2001-1 for Improvement Area under the Act.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2001-1" means City of Chula Vista, Community Facilities District No. 2001-1 (San Miguel Ranch).

"City" means the City of Chula Vista.

"Commercial Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more non-residential structures, excluding Community Purpose Facility Property.

"Community Purpose Facility Property" means all Assessor's Parcels which are (a) classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2002-2883 as amended on November 5, 2002 or (b) designated with specific boundaries and acreage on an 'A' Map or Final Subdivision Map as a community purpose facility.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 2001-1.

"County" means the County of San Diego.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to March 1 of the prior Fiscal Year.

"Exempt Property" means all Assessor's Parcels that are exempt from the levy of the Special Tax pursuant to the provisions of Section E.

"Final Map" means a subdivision of property created by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code

1352 that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

“Improvement Area B” means Improvement Area B of CFD No. 2001-1.

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

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

“Lot(s)” means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

“Master Developer” means the owner of the predominant amount of Undeveloped Property in Improvement Area B.

“Maximum Annual Special Tax” means the maximum annual Special Tax, determined in accordance with the provisions of Section C, that may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Outstanding Bonds” means all Bonds which remain outstanding.

“Property Owner Association Property” means any property within the boundaries of CFD No. 2001-1 which is (a) owned by a property owner association or (b) is designated with specific boundaries and acreage on an ‘A’ Map or Final Subdivision Map as property owner association property. As used in this definition, a property owner association property includes any master or sub-association.

“Proportionately” means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of Developed Property within Improvement Area B. For Undeveloped Property “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property within Improvement Area B.

“Public Property” means any property within the boundaries of CFD No. 2001-1 that which (a) is owned by a public agency, (b) has been irrevocably offered for dedication, prior to June 1st of the preceding Fiscal Year, to a public agency or (c) is designated with specific boundaries and acreage on an ‘A’ Map or Final Subdivision Map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City or any other public agency.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to appropriate records kept by the City’s Building Department. Residential Floor Area will be based on the building permit(s) issued for each dwelling unit prior to it being classified as Residential Property, and shall not change as a result of additions or modifications made after such classification as Residential Property.

“Special Tax” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2001-1, Improvement Area B to: (i) pay annual debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) and pay directly for acquisition and/or construction of public improvements which are authorized to be financed by CFD No. 2001-1 for Improvement Area B; (vi) less a credit for Available Funds.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area B which are not exempt from the Special Tax pursuant to law or Section E below.

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

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

“Zone 1” means a specific geographic area as depicted in Exhibit A attached hereto.

“Zone 2” means a specific geographic area as depicted in Exhibit A attached hereto.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within Improvement Area B shall be classified as Developed Property or Undeveloped Property and shall be subject to the levy of annual Special Taxes determined pursuant to Sections C and D below. Furthermore, Developed Property shall be classified as Residential Property or Commercial Property.

C. MAXIMUM ANNUAL SPECIAL TAX RATE

1. Developed Property

The Maximum Annual Special Tax for each Assessor’s Parcel of Residential Property or Commercial Property that is classified as Developed Property shall be the greater of (1) the Assigned Special Tax described in Table 1 below or (2) the amount derived by application of the Backup Special Tax.

a. Assigned Special Tax

The Assigned Special Tax for each Assessor’s Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property within Zone 1 and Zone 2

Land Use Class	Description	Assigned Special Tax
1	Residential Property	\$475.00 per unit plus \$0.82 per square foot of Residential Floor Area
2	Commercial Property	\$4,000 per Acre of Commercial Property

b. Backup Special Tax

When a Final Map is recorded within Zone 1 or Zone 2, the Backup Special Tax for Assessor's Parcels of Developed Property classified as Residential Property or Commercial Property shall be determined as follows:

For each Assessor's Parcel of Developed Property classified as Residential Property or for each Assessor's Parcel of Undeveloped Property to be classified as Residential Property within the Final Map area, the Backup Special Tax shall be the rate per Lot calculated according to the following formula:

$$\text{Zone 1}$$
$$B = \frac{\$10,444 \times A}{L}$$

$$\text{Zone 2}$$
$$B = \frac{\$4,444 \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax per Lot in each Fiscal Year.
A = Acreage classified or to be classified as Residential Property in such Final Map.
L = Lots in the Final Map which are classified or to be classified as Residential Property.

For each Assessor's Parcel of Developed Property classified as Commercial Property or for each Assessor's Parcel of Undeveloped Property to be classified as Commercial Property within the Final Map area, the Backup Special Tax shall be determined by multiplying \$10,444 for Zone 1 and \$4,444 for Zone 2 by the total Acreage of the Commercial Property and Undeveloped Property to be classified as Commercial Property within the Final Map area.

Notwithstanding the foregoing, if Assessor's Parcels of Residential Property, Commercial Property or Undeveloped Property for which the total Backup Special Tax has been determined are subsequently changed or modified by recordation of a new or amended Final Map, then the total Backup Special Tax applicable to such Assessor's Parcels shall be recalculated to equal

the amount of total Backup Special Tax that would have been generated if such change did not take place.

2. Undeveloped Property

The Maximum Annual Special Tax for each Assessor's Parcel classified as Undeveloped Property shall be \$10,444 per Acre for Zone 1 and \$4,444 per Acre for Zone 2.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-06 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Assessor's Parcels classified as Undeveloped Property pursuant to Section E, at up to 100% of the Maximum Annual Special Tax for Undeveloped Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel whose Maximum Annual Special Tax is derived by the application of the Backup Special Tax and shall be increased Proportionately from the Assigned Special Tax up to the Maximum Annual Special Tax for each such Assessor's Parcel.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel classified as Undeveloped Property pursuant to Section E at up to 100% of the Maximum Annual Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property be increased by more than ten percent per year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel in Improvement Area B.

E. EXEMPTIONS

1. The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Property Owner Association Property, (iii) Assessor's Parcels defined as Community Purpose Facility Property or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 100.94 Acres in Zone 1 and 9.63 Acres in Zone 2. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 100.94 Acres in Zone 1 and 9.63 Acres in Zone 2 will be classified as Undeveloped Property and shall be taxed as such. Tax-exempt status for purposes of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

2. The Maximum Annual Special Tax obligation for any Public Property which cannot be classified as Exempt Property as described in the first paragraph of Section E shall be prepaid in full by

the seller pursuant to Section H.1, prior to the transfer/dedication of such property. Until the Maximum Annual Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Undeveloped Property.

3. If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in paragraph 1 that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. REVIEW/APPEAL COMMITTEE

The Council shall establish as part of the proceedings and administration of CFD No. 2001-1, Improvement Area B a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may file a written notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor's Parcel. The Review/Appeal Committee may establish such procedures as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. 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. 2001-1, Improvement Area B may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels which are delinquent in the payment of Special Taxes.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Council.

H. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section H:

"CFD Public Facilities" means those public facilities authorized to be financed by Improvement Area B.

"CFD Public Facilities Costs" means either \$9.75 million, or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

"Future Facilities Costs" means the CFD Public Facilities Costs minus that (a) portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Annual Special Taxes.

1. Prepayment in Full

The Maximum Annual Special Tax obligation may only be prepaid and permanently satisfied by an Assessor’s Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, or Public Property. The Maximum Annual Special Tax obligation applicable to such Assessor’s Parcel may be fully prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CM) Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor’s Parcels of Developed Property, compute the Maximum Annual Special Tax for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor’s Parcel. For Assessor’s Parcels of Public Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor’s Parcel using the Maximum Annual Special Tax for Undeveloped Property.
2. Divide the Maximum Annual Special Tax computed pursuant to paragraph 1 by the sum of the total expected Maximum Annual Special Tax revenues which may be levied within Improvement Area B excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
3. Multiply the quotient computed pursuant to paragraph 2 by the principal amount of Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
5. If all the Bonds authorized to be issued for Improvement Area B have not been issued, compute the Future Facilities Costs.
6. Multiply the quotient computed pursuant to paragraph 2 by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be allocated to such Assessor’s Parcel (the “Future Facilities Amount”).
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
9. Determine the Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the fees and expenses of Improvement Area B, including but not limited to, the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds from the proceeds of such prepayment, and the cost of recording any notices to evidence the prepayment and the redemption (the “Prepayment Fees and Expenses”).
11. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Prepayment Fees and Expenses as determined pursuant to paragraph 10, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
12. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 11 (the “Defeasance Amount”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 2 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 10 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Prepayment Amount”).
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 12, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant

to paragraph 10 shall be retained by CFD No. 2001-1, Improvement Area B. The amount computed pursuant to paragraph 6 shall be deposited in the Construction Fund.

The Prepayment Amount may be insufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property within CFD No. 2001-1, Improvement Area B both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

Tenders of Bonds in prepayment of Maximum Annual Special Taxes may be accepted upon the terms and conditions established by the Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Council.

2. Prepayment in Part

The Maximum Annual Special Tax on 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 partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + A$$

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Prepayment Amount calculated according to Section H.1, minus Prepayment Fees and Expenses pursuant to Step 10.
- F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax.
- A = the Prepayment Fees and Expenses pursuant to Step 10.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Annual Special Tax, (ii) the percentage by which the Maximum Annual Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Paragraph 16 of Section H.1, and (ii) indicate in the records of CFD No. 2001-1, Improvement Area B that there has been a partial prepayment of the Maximum Annual Special Tax

and that a portion of the Maximum Annual Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax shall be levied commencing in Fiscal Year 2005-06 to the extent necessary to fully satisfy the Special Tax Requirement for a period no longer than 2041-42.

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 07-I
(OTAY RANCH VILLAGE ELEVEN)**

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within the City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven), and collected each Fiscal Year commencing in Fiscal Year 2004-2005 in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property," "Approved Property," "Undeveloped Property" and "Provisional Undeveloped Property" as described below. All of the Taxable Property within CFD-07-I, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"A' Map" shall mean a master final subdivision or parcel map, filed in accordance with the Subdivision Map Act and the Chula Vista Municipal Code, which subdivides the land or a portion thereof shown on a tentative map into "super block" lots corresponding to units or phasing of combination of units as shown on such tentative map and which may further show Community Purpose Facility Property, Property Owner Association Property, Public Property, open space lot dedications, backbone street dedications and utility easements required to serve such "super block" lots.

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the land area. If the preceding maps for a land area are not available, the Acreage of such land area shall be determined by the City Engineer.

"Act" means the Mello-Roos Community 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 Fees and Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD-07-I including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD-07-I, or any designee thereof of complying with arbitrage rebate requirements and/or responding to any audit of the Bonds by the Internal Revenue Service; the costs to the City, CFD-07-I, or any designee thereof of providing continuing disclosure; the costs of the City, CFD-07-I or any designee thereof of preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD-07-I, or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD-07-I, for any other administrative purposes, including, but not limited to attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in an 'A' Map, excluding lettered lots thereon, or a Final Subdivision Map, excluding lettered lots thereon, that were recorded prior to January 1st for the Fiscal Year ending July 31, 2005, and prior to March 1st

for each subsequent Fiscal Year thereafter preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a building permit prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

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

“Assigned Special Tax” means the Special Tax for each Land Use Class of Developed Property as determined in accordance with Section C.1.a.

“Available Funds” means (a) the balance in the reserve fund established pursuant to the terms of the Indenture in excess of the reserve requirement as defined in such Indenture, (b) delinquent Special Tax payments not required to fund the Special Tax Requirement for any preceding Fiscal Year, (c) that portion of Special Tax prepayments allocated to the payment of interest on Bonds, and (d) other sources of funds available as a credit to the Special Tax Requirement as specified in such Indenture.

“Backup Special Tax” means the Special Tax as determined in accordance with Section C.1.b.

“Bonds” means any bonds or other debt (as defined in the Act), whether in one or more series, issued or incurred by CI-D-074 under the Act.

“Bond Year” means a one-year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined otherwise in the applicable Indenture.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD-07-I” means City of Chula Vista Community Facilities District No. 07-I.

“City” means the City of Chula Vista.

“Community Purpose Facility Property” means all Assessor’s Parcels which are (a) classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2002-2883 as amended on November 5, 2002 or (b) designated on an “A” Map or a Final Subdivision Map as a community purpose facility.

“Council” means the City Council of the City, acting as the legislative body of CFD-07-I.

“County” means the County of San Diego.

“Density” means for each Assessor’s Parcel of Residential Property the number of Dwelling Units per gross acre determined pursuant to those provisions of Ordinance No. 2866, in effect as of January 7, 2003, that provide for the calculation of density for purposes of calculating Transportation Development Impact Fees.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“Exempt Property” means all Assessor’s Parcels that are exempt from the Special Tax pursuant to Section E.1.

“Final Subdivision Map” means a subdivision of property, created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

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

“Maximum Annual Special Tax” means the maximum annual Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Mixed Use Property” means all Assessor’s Parcels that have been classified by the City to allow both Residential Property and Non-Residential Property uses on each such Assessor’s Parcel. For an Assessor’s Parcel of Mixed Use Property, each Land Use Class thereon is subject to taxation pursuant to the provisions of Section C regardless of the geographic orientation of such Land Use Classes on such Assessor’s Parcel.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property, for which a building permit(s) has been issued to allow the construction of one or more buildings or structures for a non-residential use, excluding Community Purpose Facility Property.

“Open Space” means property within the boundaries of CFD 07-I in which prior to June 1st of the preceding Fiscal Year (a) has been designated with specific boundaries and acreage on an ‘A’ Map or Final Subdivision Map as open space, (b) is classified by the County Assessor as open space, (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, or any other public agency or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture.

“Property Owner Association Property” means any property within the boundaries of CFD-07-I which is (a) owned by a property owner association or (b) is designated with specific boundaries and acreage on an ‘A’ Map or Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessors’ Parcels of the Developed Property. For Approved Property, Undeveloped Property and Provisional Undeveloped Property “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor’s Parcels of like classification.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Community Purpose Facility Property, Open Space or other property that

would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum acreage as set forth in Section E.1 for Zone A or Zone B as applicable.

“Public Property” means any property within the boundaries of CFD-07-1 which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency or (c) is designated with specific boundaries and acreage on an ‘A’ Map or Final Subdivision Map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City or any other public agency.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued to allow the construction of one or more buildings or structures for use as residential dwelling units.

“Special Tax” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount of Special Tax revenue required in any Fiscal Year for to: (i) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (ii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payment; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; and (v) pay directly for acquisition and/or construction of public improvements which are authorized to be financed by CFD-07-I provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on the Undeveloped Property; less (vi) a credit for Available Funds.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD 07-I that are not exempt from the Special Tax pursuant to law or Section E below.

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

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

“Zone A” means a specific geographic area as depicted in Exhibits A and B attached hereto.

“Zone B” means a specific geographic area as depicted in Exhibits A and B attached hereto.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessors’ Parcels of Taxable Property within CFD-07-I shall be (a) categorized as being located in either Zone A or Zone B, (b) classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property and (c) subject to the levy of annual Special Taxes determined pursuant to Sections C and D below. Developed Property shall be further classified as either Residential Property, Non-Residential Property or Mixed Use Property. The Land Use Class of each Assessor’s Parcel of Residential Property or Mixed Use Property shall be determined based on its Density.

C. MAXIMUM ANNUAL SPECIAL TAX RATE

1. Developed Property

The Maximum Annual Special Tax for each Assessor's Parcel of Residential Property, Non-Residential Property or Mixed Use Property shall be the greater of (1) the Assigned Special Tax described in Section a. below or (2) the Backup Special Tax computed pursuant to Section b. below.

a. Assigned Special Tax

The Assigned Special Tax for each Land Use Class of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
Within Zone A and Zone B:

<i>Land Use Class</i>	<i>Description</i>	<i>Density (DU/Acre)</i>	<i>Assigned Special Tax</i>
1	Residential Property	0 to 8	\$1,675 per Dwelling Unit
2	Residential Property	>8 to 20	\$1,340 per Dwelling Unit
3	Residential Property	>20	\$1,005 per Dwelling Unit
4	Non Residential Property	N/A	\$6,000 per Acre

The Assigned Special Tax for each Assessor's Parcel of Mixed Use Property shall equal the total of (i) the Assigned Special Tax that would be applicable to such Assessor's Parcel if it was classified only as Residential Property and (ii) the Assigned Special Tax that would be applicable to such Assessor's Parcel if it was classified as Non-Residential Property.

b. Backup Special Tax

When a Final Subdivision Map is recorded within Zone A or Zone B, the Backup Special Tax for Residential Property and Non-Residential Property, shall be determined as follows:

For each Assessor's Parcel of Residential Property or Undeveloped Property and Approved Property to be classified as Residential Property upon its development within the Final Subdivision Map area, the Backup Special Tax shall be the rate per Dwelling Unit calculated according to the following formula:

$$\text{B} = \frac{\text{Zone A} \\ \$13,955 \times \text{A}}{\text{U}}$$

$$\text{B} = \frac{\text{Zone B} \\ \$24,218 \times \text{A}}{\text{U}}$$

The terms above have the following meanings:

B = Backup Special Tax per Dwelling Unit in each Fiscal Year.

- A = Acreage classified or to be classified as Residential Property in such Final Subdivision Map.
- U = Number of Dwelling Units in the Final Subdivision Map which are classified or expected to be classified as Residential Property.

For each Assessor's Parcel of Developed Property classified as Non-Residential Property or for each Assessor's Parcel of Approved or Undeveloped Property to be classified as Non-Residential Property within the Final Subdivision Map area, the Backup Special Tax shall be determined by multiplying \$13,955 for Zone A and \$24,218 for Zone B by the total Acreage of any such Assessor's Parcel.

For each Assessor's Parcel of Mixed Use Property, the Backup Special Tax shall be determined by multiplying \$13,955 for Zone A and \$24,218 for Zone B by the total Acreage of any such Assessor's Parcel.

Notwithstanding the foregoing, if Assessor's Parcels of Residential Property, Non-Residential Property, Mixed Use Property, Approved Property or Undeveloped Property for which the Backup Special Tax has been determined are subsequently changed or modified by recordation of a new or amended Final Subdivision Map, then the Backup Special Tax applicable to such Assessor's Parcels shall be recalculated to equal the amount of Backup Special Tax that would have been generated if such change did not take place.

2. Approved Property

The Maximum Annual Special Tax for each Assessor's Parcel of Approved Property shall be \$13,955 per Acre for Zone A and \$24,218 per Acre for Zone B.

3. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property shall be \$13,955 per Acre for Zone A and \$24,218 per Acre for Zone B.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Approved Property at up to 100% of the Maximum Annual Special Tax for Approved Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on all Undeveloped Property within Zone A and Zone B, at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property. In determining the Acreage of an Assessor's Parcel of Undeveloped Property for purposes of determining the annual Special Tax to be levied on such Assessor's Parcels of Undeveloped Property, the CFD Administrator shall not include any Acreage shown on any applicable tentative subdivision map or other land use entitlement approved by the City that designates such Acreage for a use that would be classified as Open Space, Property Owner Association Property, Community Purpose Facility or Public Property.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax is derived by the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Annual Special Tax for each such Assessor's Parcel.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on all Provisional Undeveloped Property at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property be increased by more than ten percent per year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Taxable Property.

E. EXEMPTIONS

1. The CFD Administrator shall classify the following as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Community Purpose Facility Property, (iv) Open Space and (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; provided, however, that no such classification shall reduce the sum of all Taxable Property to less than 147.15 Acres for Zone A and 59.04 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 147.15 Acres for Zone A and 59.04 Acres for Zone B will be classified as Provisional Undeveloped Property and shall be taxed pursuant to the fifth step of Section D. Exempt status for purposes of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property. In the event the Taxable Property will be reduced below the minimum Acreage noted above for either Zone A or Zone B as a result of the recordation of a single "A" Map, the CFD Administrator shall classify property within Zone A or Zone B that is shown on such "A" Map as Exempt Property up to the limits of Exempt Property applicable to such Zone or Zones in the following priority order: 1) Community Purpose Facility Property, 2) Property Owner Association Property, 3) Public Property, 4) Open Space, 5) other public or utility easements making impractical their utilization for no other such purpose.
2. The Maximum Annual Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Provisional Undeveloped Property pursuant to E.1 above shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Annual Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Provisional Undeveloped Property.
3. If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in paragraph 1 that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such

consultation, the CFD Administrator determines that an error has occurred the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the CFD Administrator), the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of CFD-07-I a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. 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-07-I, may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

Tenders of Bonds in prepayment of Maximum Annual Special Taxes may be accepted upon the terms and conditions established by the Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Council.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means those public facilities authorized to be financed by CFD-07-I.

"CFD Public Facilities Costs" means either \$35 million, or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

"Future Facilities Costs" means the CFD Public Facilities Costs minus that (a) portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

"Outstanding Bonds" means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Annual Special Taxes.

1. Prepayment in Full

The Maximum Annual Special Tax obligation may only be prepaid and permanently satisfied for an Assessor's Parcel of Developed Property, Undeveloped Property or Approved Property for which a

building permit has been issued, or Provisional Undeveloped Property. The Maximum Annual Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided, however that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure, which can be collected prior to preparing such calculation.

The prepayment amount shall be calculated as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step No.:

1. For Developed Property, compute the Maximum Annual Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Approved Property or Undeveloped Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit issued for that Assessor's Parcel. For Assessor's Parcels of Provisional Undeveloped Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel using the Maximum Annual Special Tax for Provisional Undeveloped Property.
2. Divide the Maximum Annual Special Tax computed pursuant to step 1 by the sum of the total expected Maximum Annual Special Tax revenues which may be levied within CFD-07-I excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
3. Multiply the quotient computed pursuant to step 2 by the principal amount of the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount computed pursuant to step 3 by the applicable redemption premium(s) on the next possible Bond call date, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. If all the 2006 Bonds authorized to be issued by CFD-07-I have not been issued, then compute the Future Facilities Costs.
6. Multiply the quotient computed pursuant to step 2 by the amount if any, determined pursuant to step 5 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "*Future Facilities Amount*").

7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year, which have not yet been paid.
10. Determine the fees and expenses of CFD-07-I, including but not limited to, the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds from the proceeds of such prepayment, and the cost of recording any notices to evidence the prepayment and the redemption (the "*Prepayment Fee and Expenses*").
11. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the prepayment amount, less the Prepayment Fees and Expenses, pursuant to step 10, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
12. Add the amounts computed pursuant to steps 7 and 9 and subtract the amount computed pursuant to step 11 (the "*Defeasance Amount*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to step 2 by the expected balance in the capitalized interest fund after such first interest payment (the "*Capitalized Interest Credit*").
15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to steps 3, 4, 6, 10, and 12, less the amounts computed pursuant to steps 13 and 14 (the "*Prepayment Amount*").
16. From the Prepayment Amount, the amounts computed pursuant to steps 3, 4, 12, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to step 10 shall be retained by CFD-07-I. The amount computed pursuant to step 6 shall be deposited in the Construction Fund.

The prepayment amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under step 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the

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

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property within both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Annual Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Approved Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as presented in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + A$$

These terms have the following meaning: PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1, minus Prepayment Fees and Expenses determined pursuant to step 10.

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax.

A = the Prepayment Fees and Expenses determined pursuant to step 10.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Annual Special Tax, (ii) the percentage by which the Maximum Annual Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to step 16 of Section H.1, and (ii) indicate in the records of CFD-07-I that there has been a partial prepayment of the Maximum Annual Special Tax and that a portion of the Maximum Annual Special Tax equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Annual Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax shall be levied commencing in Fiscal Year 2004-2005 to the extent necessary to fully satisfy the Special Tax Requirement and shall be levied for a period no longer than the 2043-2044 Fiscal Year.

**RATE AND METHOD OF APPORTIONMENT
FOR CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 12-I
(MCMILLIN OTAY RANCH VILLAGE SEVEN)**

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within the City of Chula Vista Community Facilities District No. 12-I (CFD No. 12-I) and collected each Fiscal Year commencing in Fiscal Year 2006-2007 in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property", "Undeveloped Property" and "Contingent Taxable Property" as described below. All of the Taxable Property CFD No. 12-I, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area shall be determined by the City Engineer.

"Act" means the Mello-Roos Community 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 Expense Requirement" means an annual amount equal to \$75,000, or such lesser amount as may be designated by written instruction from an Authorized Representative to the Fiscal Agent, to be allocated as the first priority of Special Taxes received each Fiscal Year for the payment of Administrative Expenses.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 12-I including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 12-I or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 12-I or any designee thereof of providing continuing disclosure; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 12-I or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 12-I for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

“Assigned Special Tax” means the Special Tax for each Land Use Category of Developed Property as determined in accordance with Section C.1.a.

“Available Funds” means the balance in the reserve fund established pursuant to the terms of any Indenture in excess of the reserve requirement as defined in such Indenture, delinquent Special Tax payments not required to fund the Special Tax Requirement for any preceding Fiscal Year, Special Tax prepayments collected to pay interest on Bonds, and other sources of funds available as a credit to the Special Tax Requirement as specified in such bond indenture.

“Backup Special Tax” means the Backup Special Tax amount set forth in Section C.1.b.

“Bonds” means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 12-I under the Act.

“Bond Year” means a one-year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 12-I” means City of Chula Vista, Community Facilities District No. 12-I.

“City” means the City of Chula Vista.

“Contingent Taxable Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Open Space or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum acreage as set forth in Section E.1 for Zone A or Zone B as applicable.

“Council” means the City Council of the City, acting as the legislative body of CFD No. 12-I.

“County” means the County of San Diego.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section E.1.

“Final Subdivision Map” means a subdivision of property, created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

“Land Use Class” means any of the classes listed in Table 1 of Section C.1.a.

“Lot(s)” means an individual legal lot created by a Final Subdivision Map for which a building permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Subdivision Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Special Tax applicable to such Final Subdivision Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Subdivision Map.

“Maximum Annual Special Tax” means the maximum annual Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property, for which a building permit(s) has been issued to allow the construction of one or more buildings or structures for a non-residential use.

“Occupied Residential Property” means all Assessors’ Parcels of Residential Property for which title is owned by an end user (homeowner).

“Open Space” means property within the boundaries of CFD No. 12-I which (a) has been designated with specific boundaries and acreage on a Final Subdivision Map as open space (b) is classified by the County Assessor as open space (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” mean all Bonds, which remain outstanding as defined in the Indenture.

“Property Owner Association Property” means any property within the boundaries of CFD No. 12-I which is (a) owned by a property owner association or (b) designated with specific boundaries and acreage on a Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessors’ Parcels of Developed Property within CFD No. 12-I. For Undeveloped Property or Contingent Taxable Property “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property and equal for all Assessor’s Parcels of Contingent Taxable Property within CFD No. 12-I.

“Public Property” means any property within the boundaries of CFD No. 12-I that which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency or (c) is designated with specific boundaries and acreage on a Final Subdivision Map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City or any other public agency.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD Administrator by reference to appropriate records kept by the City’s Building Department. Residential Floor Area for a

residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Occupied Residential Property, and shall not change as a result of additions or modifications made to such structure after such classification as Occupied Residential Property.

“Special Tax” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 12-I to: (i) Pay Administrative Expenses in an amount equal to Administrative Expense Requirement or such other amount as may be designated by the City (ii) pay annual debt service on all Outstanding Bonds (as defined in Section A) due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; and (v) pay directly for acquisition and/or construction of public improvements which are authorized to be financed by CFD No. 12-I provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on the Undeveloped Property for CFD No. 12-I; less (vi) a credit for Available Funds.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 12-I that are not exempt from the Special Tax pursuant to law or Section E below.

“Trustee” means the trustee, fiscal agent, or paying agent under the bond indenture.

“Undeveloped Property” means, for each Fiscal year, all Taxable Property not classified as Developed Property or Contingent Taxable Property.

“Zone A” means the specific geographic area designated as such and as depicted in Exhibit A attached hereto.

“Zone B” means the specific geographic area designated as such and as depicted in Exhibit A attached hereto.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels of Taxable Property within CFD No. 12-I shall be (a) categorized as being located in either Tax Zone A or Zone B, (b) classified as Developed Property, Undeveloped Property or Contingent Taxable Property and (c) shall be subject to the levy of annual Special Taxes determined pursuant to Sections C and D below. Furthermore, all Developed Property shall then be classified as Residential or Non-Residential Property.

C. MAXIMUM ANNUAL SPECIAL TAX RATE

1. Developed Property

The Maximum Annual Special Tax for each Assessor’s Parcel of Residential Property or Non-Residential Property shall be the greater of (1) the Assigned Special Tax described in Table 1 or (2) the Backup Special Tax computed pursuant to b. on next page.

a. **Assigned Special Tax**

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
within Zone A and Zone B

<i>Land Use Class</i>	<i>Description</i>	<i>Assigned Special Tax</i>
1	Residential Property	\$890 per Unit Plus \$0.79 per square foot of Residential Floor Area
2	Non-Residential Property	\$6,000 per Acre

b. **Backup Special Tax**

When a Final Subdivision Map or a condominium plan is recorded within Zone A or Zone B, the Backup Special Tax for Assessor's Parcels of Developed Property classified as Residential Property or Non-Residential Property shall be determined as follows:

For each Assessor's Parcel of Residential Property or for each Assessor's Parcel of Undeveloped Property to be classified as Residential Property upon its development within the Final Subdivision Map area, the Backup Special Tax shall be the rate per Lot calculated according to the following formula:

Zone A

$$B = \frac{\$24,383 \times A}{L}$$

Zone B

$$B = \frac{\$41,621 \times A}{L}$$

The terms have the following meanings:

- B = Backup Special Tax per Lot in each Fiscal Year.
A = Acreage classified or to be classified as Residential Property in such Final Subdivision Map.
L = For a Final Subdivision Map, the number of Lots which are classified or to be classified as Residential Property.

For each Assessor's Parcel of Developed Property classified as Non-Residential Property or for each Assessor's Parcel of Undeveloped Property to be classified as Non-Residential Property within the Final Subdivision Map area, the Backup Special

Tax shall be determined by multiplying \$24,383 for Zone A and \$41,621 for Zone B by the total Acreage of any such Assessor's Parcel.

Notwithstanding the foregoing, if Assessor's Parcels of Residential Property, Non-Residential Property or Undeveloped Property for which the Backup Special Tax has been determined are subsequently changed or modified by recordation of a new or amended Final Subdivision Map, then the Backup Special Tax applicable to such Assessor's Parcels shall be recalculated to equal the total amount of Backup Special Tax that would have been generated if such change did not take place.

2. Undeveloped Property and Contingent Taxable Property

The Maximum Annual Special Tax for each Assessor's Parcel of Undeveloped Property and Contingent Taxable Property shall be \$24,383 per Acre for Zone A and \$41,621 per Acre for Zone B.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within Zone A and Zone B at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Undeveloped Property within Zone A and Zone B, at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property. In determining the Acreage of an Assessor's Parcel of Undeveloped Property for purposes of determining the annual Special Tax to be levied on such Assessor's Parcels of Undeveloped Property, the CFD Administrator shall not include any Acreage shown on any applicable tentative subdivision map or other land use entitlements approved by the City that designates such Acreage for a use that would be classified as Open Space, Property Owner Association Property or Public Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax is derived by the application of the Backup Special Tax then the Annual Special Tax shall be increased at the same percentage from the Assigned Special Tax up to the Maximum Annual Special Tax for each such Assessor's Parcel.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on all Contingent Taxable Property at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property be increased by more than ten percent per year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel.

E. EXEMPTIONS

1. The CFD Administrator shall classify the following as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Open Space and (iv) Assessor's Parcels with

public or utility easements making impractical their utilization for other than the purposes set forth in the easement; provided, however, that no such classification shall reduce the sum of all Taxable Property to less than 32.98 Acres for Zone A and 22.00 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 32.98 Acres for Zone A and 22.00 Acres for Zone B will be classified as Contingent Taxable Property and shall be taxed pursuant to the fourth step of Section D. Exempt status for purposes of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

2. The Maximum Annual Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Contingent Taxable Property pursuant to E.1 above shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Annual Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Contingent Taxable Property.
3. If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in E.1. above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred; the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the CFD Administrator), the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of CFD No. 12-I and a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. 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. 12-I, may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Council.

H. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section H:

“CFD Public Facilities” means those public facilities authorized to be financed by CFD No. 12-I.

“CFD Public Facilities Costs” means either \$ 17.1 million, or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus that (a) portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Annual Special Taxes.

1. **Prepayment in Full**

The Maximum Annual Special Tax obligation may only be prepaid and permanently satisfied for an Assessor’s Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, or Contingent Taxable Property. The Maximum Annual Special Tax obligation applicable to such Assessor’s Parcel may be fully prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein; provided, however that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step No.:

1. For Developed Property, compute the Maximum Annual Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit issued for that Assessor's Parcel. For Assessor's Parcels of Contingent Taxable Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel using the Maximum Annual Special Tax for Undeveloped Property.
2. Divide the Maximum Annual Special Tax computed pursuant to step 1 by the sum of the total expected Maximum Annual Special Tax revenues which may be levied within CFD No. 12-I excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
3. Multiply the quotient computed pursuant to step 2 by the principal amount of the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount computed pursuant to step 3 by the applicable redemption premium on the next possible Bond call date, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. If all the Bonds authorized to be issued for CFD No. 12-I have not been issued, then compute the Future Facilities Costs.
6. Multiply the quotient computed pursuant to step 2 by the amount determined pursuant to step 5 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "*Future Facilities Amount*").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year, which have not yet been paid.
10. Determine the fees and expenses of CFD No. 12-I, including but not limited to, the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds from the proceeds of such prepayment, and the cost of recording any notices to evidence the prepayment and the redemption (the "*Prepayment Fees and Expenses*").
11. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the prepayment amount less the Prepayment Fees and Expenses, as determined pursuant to step 10, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
12. Add the amounts computed pursuant to steps 7 and 9 and subtract the amount computed pursuant to step 11 (the "*Defeasance Amount*").

13. The reserve fund credit (the “*Reserve Fund Credit*”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to step 2 by the expected balance in the capitalized interest fund after such first interest payment (the “*Capitalized Interest Credit*”).
15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to steps 3, 4, 6, 10, and 12, less the amounts computed pursuant to steps 13 and 14 (the “*Prepayment Amount*”).
16. From the Prepayment Amount, the amounts computed pursuant to steps 3, 4, 12, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to step shall be retained by CFD No. 12-I. The amount computed pursuant to step 6 shall be deposited in the Construction Fund.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined under step 9 above, the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property within CFD No. 12-I prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Annual Special Tax on 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 partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

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

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section H.1, minus Prepayment Fees and Expenses determined pursuant to Step 10.
F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax.
A= the Prepayment Fees and Expenses determined pursuant to Step 10.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Annual Special Tax, (ii) the percentage by which the Maximum Annual Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Step 16 of Section H.1, and (ii) indicate in the records of CFD No. 12-I, that there has been a partial prepayment of the Maximum Annual Special Tax and that a portion of the Maximum Annual Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax shall be levied commencing in Fiscal Year 2006-2007 to the extent necessary to fully satisfy the Special Tax Requirement and shall be levied for a period no longer than the 2046-2047 Fiscal Year.

**RATE AND METHOD OF APPORTIONMENT
FOR CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 13-I
(OTAY RANCH VILLAGE SEVEN)**

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within the City of Chula Vista Community Facilities District No. 13-I (CFD No. 13-I) and collected each Fiscal Year commencing in Fiscal Year 2006-2007 in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property", "Undeveloped Property" and "Contingent Taxable Property" as described below. All of the Taxable Property CFD No. 13-I, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area shall be determined by the City Engineer.

"Act" means the Mello-Roos Community 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 Expense Requirement" means an annual amount equal to \$75,000, or such lesser amount as may be designated by written instruction from an Authorized Representative to the Fiscal Agent, to be allocated as the first priority of Special Taxes received each Fiscal Year for the payment of Administrative Expenses.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 13-I including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 13-I or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 13-I or any designee thereof of providing continuing disclosure; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 13-I or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 13-I for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

"Assigned Special Tax" means the Special Tax for each Land Use Category of Developed Property as determined in accordance with Section C.1.a.

“Available Funds” means the balance in the reserve fund established pursuant to the terms of any Indenture in excess of the reserve requirement as defined in such Indenture, delinquent Special Tax payments not required to fund the Special Tax Requirement for any preceding Fiscal Year, Special Tax prepayments collected to pay interest on Bonds, and other sources of funds available as a credit to the Special Tax Requirement as specified in such Indenture.

“Backup Special Tax” means the Backup Special Tax amount set forth in Section C.1.b.

“Bonds” means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 13-I under the Act.

“Bond Year” means a one-year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 13-I” means City of Chula Vista, Community Facilities District No. 13-I.

“City” means the City of Chula Vista.

“Community Purpose Facility Property” means all Assessor’s Parcels which are (a) classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2002-2883 as amended on November 5, 2002 or (b) designated on an “A” Map or a Final Subdivision Map as a community purpose facility.

“Contingent Taxable Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Community Purpose Facility Property, Open Space or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum acreage as set forth in Section E.1 for Zone A or Zone B as applicable.

“Council” means the City Council of the City, acting as the legislative body of CFD No. 13-I.

“County” means the County of San Diego.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section E.1.

“Final Subdivision Map” means a subdivision of property, created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

“Land Use Class” means any of the classes listed in Table 1 of Section C.1.a.

“Lot(s)” means an individual legal lot created by a Final Subdivision Map for which a building permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Subdivision Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Special Tax applicable to such Final Subdivision Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Subdivision Map.

“Maximum Annual Special Tax” means the maximum annual Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property, for which a building permit(s) has been issued to allow the construction of one or more buildings or structures for a non-residential use.

“Occupied Residential Property” means all Assessors’ Parcels of Residential Property for which title is owned by an end user (homeowner).

“Open Space” means property within the boundaries of CFD No. 13-I which (a) has been designated with specific boundaries and acreage on a Final Subdivision Map as open space (b) is classified by the County Assessor as open space (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” mean all Bonds, which remain outstanding as defined in the Indenture.

“Property Owner Association Property” means any property within the boundaries of CFD No. 13-I which is (a) owned by a property owner association or (b) designated with specific boundaries and acreage on a Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessors’ Parcels of Developed Property within CFD No. 13-I. For Undeveloped Property or Contingent Taxable Property “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property and equal for all Assessor’s Parcels of Contingent Taxable Property within CFD No. 13-I.

“Public Property” means any property within the boundaries of CFD No. 13-I that which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency or (c) is designated with specific boundaries and acreage on a Final Subdivision Map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City or any other public agency.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The

determination of Residential Floor Area shall be made by the CFD Administrator by reference to appropriate records kept by the City's Building Department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Occupied Residential Property, and shall not change as a result of additions or modifications made to such structure after such classification as Occupied Residential Property.

"Special Tax" means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 13-I to: (i) Pay Administrative Expenses in an amount equal to Administrative Expense Requirement or such other amount as may be designated by the City (ii) pay annual debt service on all Outstanding Bonds (as defined in Section A) due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; and (v) pay directly for acquisition and/or construction of public improvements which are authorized to be financed by CFD No. 13-I provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on the Undeveloped Property for CFD No. 13-I; less (vi) a credit for Available Funds.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 13-I that are not exempt from the Special Tax pursuant to law or Section E below.

"Trustee" means the trustee, fiscal agent, or paying agent under the bond indenture.

"Undeveloped Property" means, for each Fiscal year, all Taxable Property not classified as Developed Property or Contingent Taxable Property.

"Zone A" means the specific geographic area designated as such and as depicted in Exhibit A attached hereto.

"Zone B" means the specific geographic area designated as such and as depicted in Exhibit A attached hereto.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 13-I shall be (a) categorized as being located in either Tax Zone A or Zone B, (b) classified as Developed Property, Undeveloped Property or Contingent Taxable Property and (c) shall be subject to the levy of annual Special Taxes determined pursuant to Sections C and D below. Furthermore, all Developed Property shall then be classified as Residential or Non-Residential Property.

C. MAXIMUM ANNUAL SPECIAL TAX RATE

1. Developed Property

The Maximum Annual Special Tax for each Assessor's Parcel of Residential Property or Non-Residential Property shall be the greater of (1) the Assigned Special Tax described in Table 1 or (2) the Backup Special Tax computed pursuant to b. on next page.

a. Assigned Special Tax

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
within Zone A and Zone B

Land Use Class	Description	Assigned Special Tax
1	Residential Property	\$2,750 per unit plus \$.45 per square foot of Residential Floor Area
2	Non-Residential Property	\$6,000 per Acre

b. Backup Special Tax

When a Final Subdivision Map or a condominium plan is recorded within Zone A or Zone B, the Backup Special Tax for Assessor's Parcels of Developed Property classified as Residential Property or Non-Residential Property shall be determined as follows:

For each Assessor's Parcel of Residential Property or for each Assessor's Parcel of Undeveloped Property to be classified as Residential Property upon its development within the Final Subdivision Map area, the Backup Special Tax shall be the rate per Lot calculated according to the following formula:

$$\text{B} = \frac{\text{Zone A} \\ \$59,505 \times \text{A}}{\text{L}}$$

$$\text{B} = \frac{\text{Zone B} \\ \$37,818 \times \text{A}}{\text{L}}$$

The terms have the following meanings:

B = Backup Special Tax per Lot in each Fiscal Year.

A = Acreage classified or to be classified as Residential Property in such Final Subdivision Map.

L = For a Final Subdivision Map, the number of Lots which are classified or to be classified as Residential Property.

For each Assessor's Parcel of Developed Property classified as Non-Residential Property or for each Assessor's Parcel of Undeveloped Property to be classified as Non-Residential Property within the Final Subdivision Map area, the Backup Special Tax shall be determined by multiplying \$59,505 for Zone A and \$37,818 for Zone B by the total Acreage of any such Assessor's Parcel.

Notwithstanding the foregoing, if Assessor's Parcels of Residential Property, Non-Residential Property or Undeveloped Property for which the Backup Special Tax has been determined are subsequently changed or modified by recordation of a new or amended Final Subdivision Map, then the Backup Special Tax applicable to such Assessor's Parcels shall be recalculated to equal the total amount of Backup Special Tax that would have been generated if such change did not take place.

2. Undeveloped Property and Contingent Taxable Property

The Maximum Annual Special Tax for each Assessor's Parcel of Undeveloped Property and Contingent Taxable Property shall be \$59,505 per Acre for Zone A and \$37,818 per Acre for Zone B.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within Zone A and Zone B at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Undeveloped Property within Zone A and Zone B, at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property. In determining the Acreage of an Assessor's Parcel of Undeveloped Property for purposes of determining the annual Special Tax to be levied on such Assessor's Parcels of Undeveloped Property, the CFD Administrator shall not include any Acreage shown on any applicable tentative subdivision map or other land use entitlements approved by the City that designates such Acreage for a use that would be classified as Open Space, Property Owner Association Property or Public Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax is derived by the application of the Backup Special Tax then the Annual Special Tax shall be increased at the same percentage from the Assigned Special Tax up to the Maximum Annual Special Tax for each such Assessor's Parcel.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on all Contingent Taxable Property at a rate up to 100% of the Maximum Annual Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property be increased by more than ten percent per year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel.

E. EXEMPTIONS

1. The CFD Administrator shall classify the following as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Community Purpose Facility Property (iv) Open Space and (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; provided, however, that no such classification shall reduce the sum of all Taxable Property to less than 10.56 Acres for Zone A

and 20.81 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 10.56 Acres for Zone A and 20.81 Acres for Zone B will be classified as Contingent Taxable Property and shall be taxed pursuant to the fourth step of Section D. Exempt status for purposes of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

2. The Maximum Annual Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Contingent Taxable Property pursuant to E.1 above shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Annual Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Contingent Taxable Property.
3. If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in E.1. above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred; the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the CFD Administrator), the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of CFD No. 13-I and a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. 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. 13-I, may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Council.

H. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section H:

“CFD Public Facilities” means those public facilities authorized to be financed by CFD No. 13-I.

“CFD Public Facilities Costs” means either \$ 15.5 million, or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus that (a) portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Annual Special Taxes.

1. Prepayment in Full

The Maximum Annual Special Tax obligation may only be prepaid and permanently satisfied for an Assessor’s Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, or Contingent Taxable Property. The Maximum Annual Special Tax obligation applicable to such Assessor’s Parcel may be fully prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein; provided, however that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step No.:

1. For Developed Property, compute the Maximum Annual Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit issued for that Assessor's Parcel. For Assessor's Parcels of Contingent Taxable Property to be prepaid, compute the Maximum Annual Special Tax for that Assessor's Parcel using the Maximum Annual Special Tax for Undeveloped Property.
2. Divide the Maximum Annual Special Tax computed pursuant to step 1 by the sum of the total expected Maximum Annual Special Tax revenues which may be levied within CFD No. 13-I excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
3. Multiply the quotient computed pursuant to step 2 by the principal amount of the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to step 3 by the applicable redemption premium on the next possible Bond call date, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. If all the Bonds authorized to be issued for CFD No. 13-I have not been issued, then compute the Future Facilities Costs.
6. Multiply the quotient computed pursuant to step 2 by the amount determined pursuant to step 5 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year, which have not yet been paid.
10. Determine the fees and expenses of CFD No. 13-I, including but not limited to, the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds from the proceeds of such prepayment, and the cost of recording any notices to evidence the prepayment and the redemption (the "Prepayment Fees and Expenses").
11. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the prepayment amount less the Prepayment Fees and Expenses, as determined pursuant to step 10, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

12. Add the amounts computed pursuant to steps 7 and 9 and subtract the amount computed pursuant to step 11 (the “Defeasance Amount”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to step 2 by the expected balance in the capitalized interest fund after such first interest payment (the “Capitalized Interest Credit”).
15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to steps 3, 4, 6, 10, and 12, less the amounts computed pursuant to steps 13 and 14 (the “Prepayment Amount”).
16. From the Prepayment Amount, the amounts computed pursuant to steps 3, 4, 12, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to step shall be retained by CFD No. 13-I. The amount computed pursuant to step 6 shall be deposited in the Construction Fund.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined under step 9 above, the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property within CFD No. 13-I prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Annual Special Tax on 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 partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

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

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section H.1, minus Prepayment Fees and Expenses determined pursuant to Step 10.

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax.

A = the Prepayment Fees and Expenses determined pursuant to Step 10.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Annual Special Tax, (ii) the percentage by which the Maximum Annual Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Step 16 of Section H.1, and (ii) indicate in the records of CFD No. 13-I, that there has been a partial prepayment of the Maximum Annual Special Tax and that a portion of the Maximum Annual Special Tax equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Annual Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax shall be levied commencing in Fiscal Year 2006-2007 to the extent necessary to fully satisfy the Special Tax Requirement and shall be levied for a period no longer than the 2046-2047 Fiscal Year.

APPENDIX E
FORM OF BOND COUNSEL OPINION

[Closing Date]

Chula Vista Municipal Financing Authority
Chula Vista, California

Re: \$_____ Chula Vista Municipal Financing Authority Local Agency Revenue
Refunding Bonds, Series 2025

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Chula Vista Municipal Financing Authority (the “Authority”) taken in connection with the issuance by the Authority of its Chula Vista Municipal Financing Authority Local Agency Revenue Refunding Bonds, Series 2025 (the “Bonds”) and such other information and documents as we consider necessary to render this opinion.

In rendering this opinion, we have relied upon certain representations and certifications of fact made by the Authority, the Community Facilities Districts, the initial purchaser of the Bonds and others and opinions of counsel to the Authority and the Community Facilities Districts. 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 Marks Roos Local Bond Pooling Act of 1985, as amended (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”), that certain Indenture of Trust dated as of August 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as Trustee, and an authorizing resolution adopted by the Board of Directors of the Authority (the “Board”) on August 5, 2025 (the “Resolution”). Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bonds and the Indenture. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Indenture.

We call attention to the fact that the rights and obligations under the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture.

(2) The Indenture has been duly executed and delivered by the Authority. The Indenture creates a valid pledge of the Revenues to secure the Bonds and the amounts on deposit in certain funds and accounts established under the Indenture to secure the Bonds, as and to the extent provided in the Indenture. The Indenture constitutes the valid and binding agreement of the Authority and is enforceable in accordance with its terms.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) 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 tax imposed on individuals; however, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(6) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed in paragraph (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the Authority, the City, the Community Facilities Districts and others and are subject to the condition that the Authority, the City and the Community Facilities Districts comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the City and the Community Facilities Districts each has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate and the Local Obligation Bond Indentures may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion herein as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal income tax law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Local Obligation Bond Indentures and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel terminates upon the issuance of the Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

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.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the Authority which the Authority believes to be reliable, but the Authority and the Underwriters do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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. Such website is not incorporated herein by such reference.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities Districts or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Community Facilities Districts or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Community Facilities Districts or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Community Facilities Districts may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY