

NEW ISSUE—BOOK-ENTRY ONLY

NOT RATED

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption."

\$11,740,000*
IMPROVEMENT AREA NO. 1 OF THE
CITY OF FAIRFIELD
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE)
SPECIAL TAX BONDS, SERIES 2021A

Dated: Date of Delivery

Due: September 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the "2021 Bonds") are being issued by the City of Fairfield (the "City") for and on behalf of the "City of Fairfield Community Facilities District No. 2019-1 (One Lake)" (the "District") with respect to its "Improvement Area No. 1 of the City of Fairfield Community Facilities District No. 2019-1 (One Lake)" ("Improvement Area No. 1"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance, and a Fiscal Agent Agreement dated as of July 1, 2020, as supplemented by a First Supplement to Fiscal Agent Agreement dated as of October 1, 2021 (as so supplemented, the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent").

Use of Proceeds. The 2021 Bonds are being issued to (i) finance the acquisition and construction of certain facilities and improvements to be owned and operated by the City, (ii) fund a debt service reserve fund, (iii) pay capitalized interest on the 2021 Bonds through September 1, 2022, and (iv) pay the costs of issuing the 2021 Bonds.

Security and Sources of Payment. The 2021 Bonds are payable from proceeds of Special Tax Revenues levied on property within Improvement Area No. 1 according to the rate and method of apportionment of special tax approved by the City Council and the eligible landowner voters in Improvement Area No. 1. The 2021 Bonds are secured by a first pledge of all of the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement, on a parity with the outstanding Improvement Area No. 1 of the City of Fairfield Community Facilities District No. 2019-1 (One Lake) Special Tax Bonds, Series 2020A and additional Parity Bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE 2021 BONDS."

Bond Terms; Redemption. Interest on the 2021 Bonds is payable on March 1, 2022, and semiannually thereafter on each March 1 and September 1. The 2021 Bonds will be issued in integral multiples of \$5,000. The 2021 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2021 Bonds. The 2021 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes. See "THE 2021 BONDS – Redemption."

The 2021 Bonds, the interest thereon, and any premiums payable on the redemption of any of the 2021 Bonds, are not an indebtedness of the City (except to the limited extent described in this Official Statement), the State of California (the "State") or any of its political subdivisions, and neither the City (except to the limited extent described in this Official Statement), the State nor any of its political subdivisions is liable on the 2021 Bonds. Neither the faith and credit nor the taxing power of the City (except to the limited extent described in this Official Statement) or the State or any political subdivision thereof is pledged to the payment of the 2021 Bonds or interest thereon. Other than the Special Tax Revenues, no taxes are pledged to the payment of the 2021 Bonds. The 2021 Bonds are not a general obligation of the City, but are limited obligations of the City payable solely from the Special Tax Revenues as more fully described in this Official Statement.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2021 Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2021 Bonds.

The 2021 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, is also serving as disclosure counsel to the City. Certain matters will be passed upon for the City by Richards, Watson and Gershon, San Francisco, California, acting as the City Attorney. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter, and Holland & Knight LLP, San Francisco, California, is serving as counsel to One Lake Holding LLC, the Master Developer. It is anticipated that the 2021 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about October __, 2021.

STIFEL

The date of this Official Statement is: _____, 2021.

* Preliminary; subject to change.

MATURITY SCHEDULE

\$11,740,000*

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF FAIRFIELD
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE)
SPECIAL TAX BONDS, SERIES 2021A**

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] (Base _____)
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\$ _____ % Term 2021 Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP[†] No. _____

\$ _____ % Term 2021 Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP[†] No. _____

C Priced to first optional redemption date of September 1, 2031 at par.

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* Preliminary; subject to change.

CITY OF FAIRFIELD

CITY COUNCIL

Harry T. Price, *Mayor*
Rick Vaccaro, *Vice Mayor*
Pam Bertani, *Councilmember*
Catherine Moy, *Councilmember*
Doriss Panduro, *Councilmember*
Chuck Timm, *Councilmember*
Scott Tonnesen, *Councilmember*

CITY EXECUTIVE STAFF

Stefan T. Chatwin, *City Manager*
David Gassaway, *Assistant City Manager*
Paul Kaushal, *Public Works Director*
Deanna Cantrell, *Police Chief*
Kristina Chamberlin, *Park & Recreation Director*
Emily Combs, *Finance Director*
Anthony Velasquez, *Fire Chief*
Farbod Pirouzmand, *Human Resources Director*
LaTanna Jones, *Housing Director*

CITY TREASURER

Arvinda Krishnan

CITY CLERK

Karen L. Rees

CITY ATTORNEY

Richards, Watson & Gershon
San Francisco, California

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San Francisco, California

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PFM Financial Advisors LLC
San Francisco, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISER

BBG, Inc.
Sacramento, California

FISCAL AGENT

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2021 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2021 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City, the District, any other parties described in this Official Statement, or in the condition of property within Improvement Area No. 1 of the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2021 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2021 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the 2021 Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2021 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2021 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

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[REGIONAL LOCATION MAP]

[INSERT AERIAL 1]

[INSERT AERIAL 2]

OFFICIAL STATEMENT

\$11,740,000*
IMPROVEMENT AREA NO. 1 OF THE
CITY OF FAIRFIELD
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE)
SPECIAL TAX BONDS, SERIES 2021A

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2021 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**2021 Bonds**”) to be issued by the City of Fairfield (the “**City**”) for and on behalf of the “City of Fairfield Community Facilities District No. 2019-1 (One Lake)” (the “**District**”) with respect to its “Improvement Area No. 1 of the City of Fairfield Community Facilities District No. 2019-1 (One Lake)” (“**Improvement Area No. 1**”).

The City. The City, which comprises approximately 37 square miles, is located in the County of Solano (the “**County**”) approximately 44 miles northeast of San Francisco and 42 miles west of Sacramento. For economic and demographic information regarding the City and County, see “APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF FAIRFIELD AND SOLANO COUNTY.”

The District. The District is located in the northeastern area of the City along the west side of Vanden Road at One Lake Drive. The property within Improvement Area No. 1 is anticipated to be improved with 833 residential units, a 3.7-acre public park, and public street improvements. The 833 residential units are anticipated to consist of 515 single-family detached homes and 318 attached units constructed in four phases – Phase 1A, Phase 1B, Phase 1C and Phase 1D. As of August 1, 2021, the date of value of the Appraisal (as defined below), of the 515 residential units anticipated to be developed within Improvement Area No. 1, 40 single-family homes had been completed and sold to individual homeowners, 10 single-family homes (consisting of model homes) were in finished condition, 75 single-family homes were in substantially completed condition, 221 lots were in blue-top condition, and the remaining 487 lots were in partially-rough graded condition.

The property in Improvement Area No. 1 is part of the larger master-planned community known as “One Lake” (the “**One Lake Project**” or the “**One Lake Property**”) being developed by One Lake Holding LLC, a Delaware limited liability company (“**Master Developer**”). The One Lake Property is within the Fairfield Train Station Specific Plan, adopted by the City Council on

* Preliminary; subject to change.

July 26, 2011, as amended (“**Specific Plan**”). The Fairfield Train Station Specific Plan guides the development for the last growth area within the City of Fairfield, which encompasses almost 3,000 acres with (i) almost 60% representing open space and habitat conservation open space, (ii) approximately 17% for residential use, (iii) 10% representing industrial use, and (iv) the balance (approximately 13%) representing retail/commercial and parks. The land subject to the Specific Plan is anticipated to ultimately be developed with a diverse mix of housing, shopping, employment and recreational opportunities within walking distance of each other. Improvement Area No. 1 comprises most of Planning Area 4 of the Specific Plan, with all of Planning Area 5 comprising the Future Annexation Area (as hereinafter defined). Together, Planning Area 4 and Planning Area 5 total approximately 358.5 gross acres. The Master Developer anticipates that the One Lake Project will be developed in numerous phases that will ultimately consist of over 1,619 single-family homes, 318 attached homes, 190 apartment units and approximately 30,000 square feet of retail/commercial space.

The Master Developer is not a homebuilder and is developing the property through the sale to merchant builders, such as Lennar Homes of California, Inc., a California corporation (“**Lennar Homes**”), Tri Pointe Homes Holdings, Inc., a Delaware corporation (“**Tri Pointe**”), and Brookfield Bay Area Holdings LLC, a Delaware limited liability company (“**Brookfield**” and together with Lennar Homes and Tri Pointe, the “**Merchant Builders**”). The status of the ownership for Improvement Area No. 1 as of August 1, 2021, the date of value of the Appraisal, is summarized in the following table:

Table 1
Ownership of the Property in Improvement Area No. 1
As of August 1, 2021

Phase	Neighborhood (Units)	Owner
1A	3A (32 Units)	Tri Pointe
	3A (13 Units)	Individual Homeowners
	3B (43 Units)	Lennar Homes
	3B (27 Units)	Individual Homeowners
	3C (14 Units)	Tri Pointe
	2 (58 Units)	Tri Pointe
1B	4A (51 Units)	Tri Pointe
	4B (60 Units)	Lennar Homes
	4C (20 Units)	Master Developer (under contract with Tri Pointe) ⁽¹⁾
	7A (48 Units)	Brookfield
	7B (20 Units)	Master Developer (under contract with Tri Pointe) ⁽¹⁾
1C	5A (75 Units*)	Master Developer
	5B (22 Units*)	Master Developer
	6A (60 Units)	Master Developer (under contract with Brookfield) ⁽²⁾
	6B (24 Units*)	Master Developer
1D	8 (56 Units*)	Master Developer
	9 (210 Units*)	Master Developer

(1) Tri Pointe has exercised its option to purchase these lots, and the Master Developer expects to close escrow by October 15, 2021.

(2) Neighborhood 6A is under contract with Brookfield, with a non-refundable deposit having been made. Escrow will close when the finished lots are delivered, which is anticipated to occur in May 2022.

* Projected.

Source: One Lake Holding LLC; Lennar Homes; Tri Pointe; Brookfield.

See “THE DISTRICT AND IMPROVEMENT AREA NO. 1” and “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS.”

The District and Improvement Area No. 1 were formed and established by the City Council of the City (the “**City Council**”), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), pursuant to a resolution adopted by the City Council following a public hearing, and a landowner election at which the qualified electors of Improvement Area No. 1 authorized the City to incur bonded indebtedness for the District with respect to Improvement Area No. 1 to be secured by the levy of Special Taxes (as defined below), and approved the levy of special taxes for the purpose of financing authorized facilities (the “**Facilities**”) in accordance with the Rate and Method of Apportionment for Improvement Area No. 1 of City of Fairfield Community Facilities District No. 2019-1 (One Lake), County of Solano, State of California (the “**Rate and Method**”).

At the time the City established the District, the City also established a future annexation area for the District (the “**Future Annexation Area**”), which enables properties to annex into the District with fewer procedural requirements than would otherwise be required under the Act by executing a unanimous approval. Under the Act, a unanimous approval constitutes the vote of a qualified elector in favor of the matters addressed in the unanimous approval for purposes of the California Constitution. Property within the Future Annexation Area may be annexed into the District as improvement areas to be designated in the future separate and apart from Improvement Area No. 1, or into Improvement Area No. 1.

At the time the City established the District, the Future Annexation Area included Neighborhoods 8 and 9. On August 17, 2021, the Master Developer as the owner of the property within Neighborhood 8 and 9 executed a unanimous approval to annex such property into Improvement Area No. 1 thereby annexing such property into the District on such date. Currently, there is no intention for any additional territory to annex into Improvement Area No. 1.

The Rate and Method provides for a Facilities Special Tax (as defined in the Rate and Method) (the “**Facilities Special Tax**”) to be levied for the Facilities Special Tax Requirement (as defined in the Rate and Method) and a Services Special Tax (as defined in the Rate and Method) (the “**Services Special Tax**”) to be levied for services described in the Rate and Method. As used in this Official Statement, the terms “**Special Tax**” or “**Special Taxes**” refer only to the Facilities Special Tax and does not include the Services Special Tax. The Services Special Tax is not pledged under the Fiscal Agent Agreement nor is the Services Special Tax available to pay debt service on the 2021 Bonds. The Special Tax will be levied against certain property within Improvement Area No. 1 pursuant to the Act, the Ordinance approving the levy of Special Taxes and the Fiscal Agent Agreement and in accordance with the Rate and Method. The lien of the Special Tax will be co-equal with the lien of the Services Special Tax.

Authority for Issuance of the 2021 Bonds. The 2021 Bonds are issued under the Act, a resolution adopted by the City Council of the City on September 21, 2021 (the “**Resolution of Issuance**”), and a Fiscal Agent Agreement, dated as of July 1, 2020 (the “**Master Fiscal Agent Agreement**”), as supplemented by a First Supplement to Fiscal Agent Agreement dated as of October 1, 2021 (as so supplemented, the “**Fiscal Agent Agreement**”), by and between the City, for and on behalf of the District, and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “**Fiscal Agent**”). See “THE 2021 BONDS – Authority for Issuance.”

Purpose of the 2021 Bonds. The proceeds of the 2021 Bonds will be used primarily to finance the acquisition and construction of certain facilities to be owned and operated by the City. The proceeds of the 2021 Bonds will also be used to (i) fund a debt service reserve fund established and held by the Fiscal Agent under the Fiscal Agent Agreement (the “**2020 Reserve Fund**”), (ii) pay capitalized interest on the 2021 Bonds through September 1, 2022, and (iii) pay the costs of issuing the 2021 Bonds. See “FINANCING PLAN.”

Redemption of 2021 Bonds before Maturity. The 2021 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes. See “THE 2021 BONDS – Redemption.”

Security and Sources of Payment for the 2021 Bonds. Pursuant to the Fiscal Agent Agreement, the 2021 Bonds are secured by and payable from a first pledge of all of net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the “**Special Tax Revenues**”), on a parity with (i) the Improvement Area No. 1 of the City of Fairfield Community Facilities District No. 2019-1 (One Lake) Special Tax Bonds, Series 2020A issued by the City under the Master Fiscal Agent Agreement in the initial principal amount of \$15,285,000 (“**2020 Bonds**”) and (ii) any additional bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. The 2020 Bonds are outstanding in the aggregate principal amount of \$15,285,000. The 2021 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See “SECURITY FOR THE 2021 BONDS.”

The 2021 Bonds are neither a general obligation of the City nor payable from the general fund of the City; and are instead limited obligations of the City payable from Special Tax Revenues as described herein. Except with respect to the Special Tax Revenues, neither the faith and credit nor the taxing power of the City or the State or any political subdivision thereof is pledged for the payment of the 2021 Bonds or interest thereon, and no Owner of the 2021 Bonds may compel the exercise of the taxing power by the City or the forfeiture of any of its property.

The principal of and interest on the 2021 Bonds, and premiums upon the redemption of any thereof, are not a debt of the City (except to the limited extent described in this Official Statement), the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory limitation or restriction. The 2021 Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the City, except the Special Tax Revenues that are, under the terms of the Fiscal Agent Agreement, pledged for the payment of the 2021 Bonds and interest thereon. Neither the members of the City Council nor any persons executing the 2021 Bonds are liable personally on the 2021 Bonds by reason of their issuance.

Debt Service Reserve Fund. In order to further secure the payment of principal of and interest on the 2020 Bonds, the 2021 Bonds (and any series of 2020-Related Parity Bonds, i.e., Parity Bonds, the principal of and interest on which is payable from amounts in the 2020 Reserve Fund), a portion of the proceeds of the 2021 Bonds will be deposited into the 2020 Reserve Fund in an amount equal to the 2020 Reserve Requirement (as defined herein). See “FINANCING PLAN – Estimated Sources and Uses of Funds” and “SECURITY FOR THE 2021 BONDS – 2020 Reserve Fund.”

Covenant to Foreclose. The District has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see “SECURITY FOR THE 2021 BONDS – Covenant to Foreclose.”

Assessed Valuation. The Fiscal Year 2021-22 assessed valuation of the taxable property within Improvement Area No. 1 of the District is \$27,613,429. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1.”

Appraisal. An appraisal of the property within Improvement Area No. 1 of the District with an effective date of value of August 1, 2021 (the “**Appraisal**”), was prepared by BBG, Inc.,

Sacramento, California (the “**Appraiser**”) in connection with the issuance of the 2021 Bonds. The purpose of the Appraisal was to estimate the fee simple market value of the properties within Improvement Area No. 1 by ownership, subject to the lien of the Special Tax, with the sum of values by ownership representing an aggregate value. The value is subject to a hypothetical condition that the 2021 Bonds had just been sold and the property was encumbered with Special Taxes. Subject to the assumptions and limiting conditions contained in the Appraisal, the Appraiser estimated that the taxable property within Improvement Area No. 1, as of the August 1, 2021 date of value, had an estimated not-less-than market value of \$177,860,000. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Appraised Values” and “APPENDIX H – APPRAISAL REPORT” for further information on the Appraisal.

Risk Factors Associated with Purchasing the 2021 Bonds. Investment in the 2021 Bonds involves a significant degree of risk and each prospective investor should consider its financial condition and the risks involved to determine the suitability of investing in the 2021 Bonds. See “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2021 Bonds.

FINANCING PLAN

Facilities Financing Plan

The net proceeds of the 2021 Bonds will be used to construct and/or acquire various facilities authorized to be financed by the District, including Improvement Area No. 1. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Authorized Facilities” for a description of such authorized facilities. For the current status of the construction of Facilities in Improvement Area No. 1 to be financed in part with the net proceeds of the 2021 Bonds, see “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Public Improvements Required for the One Lake Project.”

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2021 Bonds will be deposited into the following funds established under the Fiscal Agent Agreement:

<u>SOURCES</u>	<u>Amount</u>
Principal Amount of 2021 Bonds	
<i>Plus:</i> Original Issue Premium	
<i>Less:</i> Underwriter’s Discount	
<i>Total Sources</i>	
<u>USES</u>	
Deposit into 2021 Capitalized Interest Account ⁽¹⁾	
Deposit into Bond Proceeds Account of Improvement Fund	
Deposit into 2020 Reserve Fund ⁽²⁾	
Deposit for Costs of Issuance ⁽³⁾	
<i>Total Uses</i>	

(1) To pay capitalized interest on the 2021 Bonds through September 1, 2022.

(2) To satisfy the 2020 Reserve Requirement, together with funds on deposit in the 2020 Reserve Fund, on the Closing Date.

(3) Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, printing the preliminary and final Official Statements, the Fiscal Agent, the Municipal Advisor, the Appraiser, and the Special Tax Consultant.

THE 2021 BONDS

This section generally describes the terms of the 2021 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The 2021 Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the 2021 Bonds may be issued in a maximum principal amount of \$[13,000,000].

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2021 Bonds will be dated their date of delivery (the “**Dated Date**”), which is the Closing Date, and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2021 Bonds will be issued in fully registered form in integral multiples of \$5,000.

Calculation of Interest. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2021 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2022 (each, an “**Interest Payment Date**”).

Each 2021 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2021 Bond, interest is in default thereon, such 2021 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

“**Record Date**” means the 15th day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See “– Registration of Exchange or Transfer” below for a description of such release test, and “APPENDIX D – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for a description of DTC and DTC’s book-entry system.

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2021 Bonds, principal of, premium, if any, and interest payments on the 2021 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2021 Bonds, for distribution to the beneficial owners of the 2021 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2021 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on

the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2021 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions shall continue in effect until revoked in writing, or until such 2021 Bonds are transferred to a new Owner. The interest, principal of and any premium on the 2021 Bonds are payable in lawful money of the United States of America, with principal and any premium payable upon surrender of the 2021 Bonds at the Principal Office of the Fiscal Agent.

Redemption*

Optional Redemption from any Source other than Prepayments. The 2021 Bonds maturing on or before September 1, 2030 are not subject to optional redemption prior to their stated maturity. The 2021 Bonds maturing on or after September 1, 2031, are subject to redemption, as a whole or in part at the election of the City among maturities on such basis as designated by the City and by lot within a maturity, at the option of the City, on September 1, 2030, and on any date thereafter, at a redemption price equal to 100% of the principal amount of 2021 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2021 Bonds maturing on September 1, 20__ and September 1, 20__ (the “**Term Bonds**”), are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following tables:

2021 Bonds Maturing September 1, 20__

Sinking Fund
Redemption Date
(September 1)

Sinking Payments

(Maturity)

2021 Bonds Maturing September 1, 20__

Sinking Fund
Redemption Date
(September 1)

Sinking Payments

(Maturity)

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption or mandatory prepayment redemption, the total amount

* Preliminary; subject to change.

of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the City, notice of which will be given by the City to the Fiscal Agent.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the 2020 Reserve Fund under the Fiscal Agent Agreement will be used to redeem 2021 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among series and maturities as provided in the Fiscal Agent Agreement, at a redemption price (expressed as a percentage of the principal amount of the 2021 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	
September 1, ____ and March 1, ____	
September 1, ____ and March 1, ____	
September 1, ____ and any Interest Payment Date thereafter	

Purchase in Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2021 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2021 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2021 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories, and to the respective registered Owners of any 2021 Bonds designated for redemption, at their addresses appearing on the 2021 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2021 Bonds. In addition, the Fiscal Agent will file each notice of redemption with the MSRB through its EMMA system. The sole remedy for failure to file such notices through EMMA shall be an action by the holders of the Bonds in mandamus for specific performance or a similar remedy to compel performance.

However, while the 2021 Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the Beneficial Owners of the 2021 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2021 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Rescission of Redemption. Notices of optional redemption may be conditional. The City has the right to rescind any notice of the optional redemption of 2021 Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption will be

cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2021 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement.

The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Partial Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all the Bonds of any maturity or any given portion thereof, unless otherwise directed by the City, the Fiscal Agent will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption as directed by the City or, in the absence of direction by the City, on a pro rata basis, among series and maturities, and, so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption, and by lot within a maturity, in any manner which the Fiscal Agent in its sole discretion deems appropriate.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2021 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2021 Bonds so called shall cease to be entitled to any benefit under the Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption.

Issuance of Future Parity Bonds

Parity Bonds. In addition to the 2020 Bonds and the 2021 Bonds, but subject to the maximum bonded indebtedness limit for Improvement Area No. 1, the City may issue one or more additional series of bonds or other indebtedness (collectively, “**Parity Bonds**”) payable from the Special Tax Revenues on a parity with the 2020 Bonds and the 2021 Bonds, in such principal amount as may be determined by the City, under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds will constitute Bonds under the Fiscal Agent Agreement and will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the 2020 Bonds and the 2021 Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding thereunder, except as provided therein or in a Supplemental Agreement.

The City may issue such Parity Bonds if the City complies with the conditions precedent set forth in the Fiscal Agent Agreement, including without limitation that following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the bonded indebtedness limit of Improvement Area No. 1. See also “– Limitation on Principal Amount of Parity Bonds.”

Separate Funds; Debt Service Reserve Fund. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts.

The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for one of the following: (i) a deposit to the 2020 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2020 Reserve Requirement following issuance of the Parity Bonds, (ii) a deposit to a reserve account for the Parity Bonds (and such other series

of Parity Bonds identified by the City) in an amount defined in such Supplemental Agreement, as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2020 Reserve Fund and that the Owners of the Bonds covered by the 2020 Reserve Fund will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2020 Reserve Fund or another reserve account as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2020 Reserve Fund or any other reserve account.

Improvement Area No. 1 Value. The Improvement Area No. 1 Value shall be at least four times the sum of:

- (i) the aggregate principal amount of all Bonds then Outstanding, plus
- (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus
- (iii) the aggregate principal amount of any fixed assessment liens on the parcels in Improvement Area No. 1 subject to the levy of Special Taxes, plus
- (iv) a portion of the aggregate principal amount of any and all Other District Bonds equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within Improvement Area No. 1, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum assigned special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

Undeveloped Property Value. The Undeveloped Property Value shall be at least 3 times the sum of:

- (i) the proportionate share of the amounts described in clauses (i) and (ii) of the immediately preceding subsection determined by multiplying the aggregate of the amounts described in such clauses (i) and (ii) by a fraction, the numerator of which is the amount of Special Taxes to be levied on Undeveloped Property in the Fiscal Year following the then current Fiscal Year (without regard to any capitalized interest for any Parity Bonds), and the denominator of which is the total amount of Special Taxes to be levied on property in Improvement Area No. 1 in the Fiscal Year following the then current Fiscal Year, based upon information from the most recent available Fiscal Year, plus
- (ii) the aggregate principal amount of any fixed assessment liens on the Undeveloped Property, plus
- (iii) a portion of the aggregate principal amount of any Other District Bonds (as hereinafter defined) equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on Undeveloped Property, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of real property against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum assigned special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

If 100% of the debt service on the Bonds after the issuance of the proposed Parity Bonds is expected to be derived from Special Taxes levied on Developed Property, then the foregoing provisions of the Fiscal Agent Agreement do not apply to the proposed issuance of Parity Bonds.

“Undeveloped Property” means the property in Improvement Area No. 1 subject to the levy of the Special Taxes that is classified as Undeveloped Property pursuant to the Rate and Method.

“Undeveloped Property Value” means the assessed or market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of all parcels of Undeveloped Property and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to:

(i) an appraisal performed within 6 months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the **“MAI Appraiser”**) selected by the City, or

(ii) in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director.

It is expressly acknowledged in the Fiscal Agent Agreement that, in determining the Undeveloped Property Value, the City may rely on an appraisal to determine the value of some or all of the parcels of Undeveloped Property and/or the most recent County real property tax roll as to the value of some or all of the parcels of Undeveloped Property. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any MAI Appraiser pursuant to this definition.

Coverage. The amount of the maximum Special Taxes that may be levied in each Fiscal Year under the Ordinance, the Agreement and any Supplemental Agreement shall be no lower than (i) 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds and (ii) 100% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds and the amount of the levy for Administrative Expenses in the current fiscal year. In addition, the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds shall be not less than the principal amount of the Outstanding Bonds and the proposed Parity Bonds.

Limitation on Principal Amount of Parity Bonds. Pursuant to the Fiscal Agent Agreement, the City will covenant, following issuance of the 2021 Bonds, not to issue more than \$5,975,000* initial principal amount of additional Parity Bonds in the future (exclusive of any Refunding Bonds). See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT” for additional details regarding the conditions for issuing Parity Bonds.

Refunding Bonds. Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the value and coverage tests described above. Under the Fiscal Agent Agreement, the term **“Refunding Bonds”** is defined as bonds issued by the City for the District with respect to Improvement Area No. 1, the net proceeds of which are used to

* Preliminary; subject to change.

refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

Subordinate Bonds. Nothing in the Fiscal Agent Agreement prohibits the City from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2021 Bonds apply only during any period in which the 2021 Bonds are not subject to DTC's book-entry system. While the 2021 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX D – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2021 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2021 Bond and will at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2021 Bonds as provided in the Fiscal Agent Agreement. The City and the Fiscal Agent will treat the Owner of any 2021 Bond whose name appears on the Bond register as the absolute Owner of such 2021 Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Owner as it appears in the Bond register for any and all purposes.

Registration of Exchange or Transfer. Any 2021 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 such person's duly authorized attorney, upon surrender of such 2021 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. 2021 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2021 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City from amounts in the Administrative Expense Fund. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2020 Bond or 2021 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2020 Bond or 2021 Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2021 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2021 Bonds for redemption or (ii) with respect to a 2021 Bond after such 2021 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date. Prior to any transfer of the 2021 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Fiscal Agent all information necessary to allow the Fiscal Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Fiscal Agent shall conclusively rely on the

information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

DEBT SERVICE SCHEDULE

The following table presents the annual Debt Service on the 2020 Bonds and the 2021 Bonds, assuming there are no optional redemptions or special redemptions from Special Tax prepayments.

Year Ending September 1	2020 Bonds		2021 Bonds*		Total Debt Service
	Principal	Interest	Principal	Interest	
2022 ⁽¹⁾	\$45,000	\$764,250			
2023	60,000	762,000			
2024	80,000	759,000			
2025	100,000	755,000			
2026	125,000	750,000			
2027	145,000	743,750			
2028	170,000	736,500			
2029	200,000	728,000			
2030	225,000	718,000			
2031	255,000	706,750			
2032	290,000	694,000			
2033	325,000	679,500			
2034	360,000	663,250			
2035	400,000	645,250			
2036	440,000	625,250			
2037	480,000	603,250			
2038	530,000	579,250			
2039	575,000	552,750			
2040	630,000	524,000			
2041	685,000	492,500			
2042	740,000	458,250			
2043	800,000	421,250			
2044	865,000	381,250			
2045	935,000	338,000			
2046	1,005,000	291,250			
2047	1,080,000	241,000			
2048	1,160,000	187,000			
2049	1,245,000	129,000			
2050	1,335,000	66,750			
2051	--	--			
Total:	\$15,285,000	\$15,996,000			

(1) Debt service on the 2021 Bonds on March 1, 2022 and September 1, 2022 is anticipated to be paid from proceeds of the 2021 Bonds to be deposited in the 2021 Capitalized Interest Account of the Fiscal Agent Agreement.

* Preliminary; subject to change.

SECURITY FOR THE 2021 BONDS

This section generally describes the security for the 2021 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

The 2020 Bonds, the 2021 Bonds and any additional Parity Bonds (collectively, the **"Bonds"**) are secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided therein, in the Special Tax Fund.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

The 2020 Bonds and all 2020-Related Parity Bonds will be secured by a first pledge (which pledge will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys deposited in the 2020 Reserve Fund. The moneys in the 2020 Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2020 Bonds and all 2020-Related Parity Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the 2020 Bonds and all 2020-Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

Under the Fiscal Agent Agreement, **"2020-Related Parity Bonds"** means any series of Parity Bonds for which (i) the Proceeds are deposited into the 2020 Reserve Fund so that the balance therein is equal to the 2020 Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2020 Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds. The 2021 Bonds are 2020-Related Parity Bonds.

The 2021 Bonds shall be secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys deposited in the 2021 Capitalized Interest Account.

Amounts in the Improvement Fund (and all subaccounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project is not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Project.

"Special Tax Revenues" are defined in the Fiscal Agent Agreement as the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. *However*, Special Tax Revenues do not include any interest in excess of the interest due on the 2021 Bonds, or any penalties collected in connection with any such foreclosure.

Limited Obligation

The 2021 Bonds are neither a general obligation of the City nor payable from the general fund of the City; and are instead limited obligations of the City payable from Special Tax Revenues as described herein. Except with respect to the Special Tax Revenues, neither the faith and credit nor the taxing power of the City or the State or any political subdivision thereof is pledged for the payment of the 2021 Bonds or interest thereon, and no Owner of the 2021 Bonds may compel the exercise of the taxing power by the City or the forfeiture of any of its property.

The principal of and interest on the 2021 Bonds, and premiums upon the redemption of any thereof, are not a debt of the City (except to the limited extent described in this Official Statement), the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory limitation or restriction. The 2021 Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the City, except the Special Tax Revenues that are, under the terms of the Fiscal Agent Agreement, pledged for the payment of the 2021 Bonds and interest thereon. Neither the members of the City Council nor any persons executing the 2021 Bonds are liable personally on the 2021 Bonds by reason of their issuance.

Special Taxes

Covenant to Levy Special Taxes. The City will fix and levy the amount of Special Taxes within Improvement Area No. 1 required for the payment of principal of and interest on any outstanding Bonds of the District with respect to Improvement Area No. 1 becoming due and payable during the ensuing calendar year, including any necessary replenishment or expenditure of the 2020 Reserve Fund and any other reserve account for Parity Bonds that are not 2020-Related Parity Bonds, and an amount estimated to be sufficient to pay the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year, taking into account the balances in the applicable funds established under the Fiscal Agent Agreement and funds in the Special Tax Fund. The Special Taxes so levied may not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

Manner of Collection. Except as set forth in the Ordinance, the Fiscal Agent Agreement provides that the Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property. The City is authorized to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the City (including a charge for staff time) in conducting its duties under the Fiscal Agent Agreement will be an Administrative Expense.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay Debt Service on the 2021 Bonds. Further, under no circumstances will the Special Tax levied against any parcel of residential property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other parcel within the District. In addition, in no event shall Special Taxes be levied after the earlier of (i) the Fiscal Year prior to the Transition Year (as hereinafter defined) or (ii) Fiscal Year 2070-71. See "BOND OWNERS' RISKS – Property Tax Delinquencies."

Rate and Method

General. The District is legally authorized and has covenanted in the Fiscal Agent Agreement to cause the levy of the Special Taxes in Improvement Area No. 1 in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of the Facilities Special Tax and Services Special Tax to be collected among the Taxable Property in Improvement Area No. 1 as more particularly described below. As used in all other sections of this Official Statement, the terms “**Special Tax**” or “**Special Taxes**” refer only to the Facilities Special Tax and does not include the Services Special Tax. The Services Special Tax is not pledged under the Fiscal Agent Agreement nor is the Services Special Tax available to pay debt service on the 2020 Bonds, the 2021 Bonds or any Parity Bonds.

Following is a summary of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as “APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE).” Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Facilities Special Tax Requirement. Annually, at the time of levying the Special Tax for the District, the Administrator will determine the Facilities Special Tax Requirement. The Rate and Method defines “**Facilities Special Tax Requirement**” to mean the amount necessary in any Fiscal Year to:

- (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year,
- (ii) to replenish reserve funds to the extent such replenishment has not been included in a computation of the Facilities Special Tax Requirement in a previous Fiscal Year,
- (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year,
- (iv) to pay Administrative Expenses, and
- (v) to pay the costs of Authorized Facilities and Authorized Services to be funded directly from Facilities Special Tax proceeds to the extent that paying directly for such costs does not increase the Facilities Special Taxes levied on Final Map Property or Undeveloped Property.

The amounts referred to in clauses (i) and (ii) above may be reduced in any Fiscal Year by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture (which is defined in the Rate and Method to include the Fiscal Agent Agreement), (ii) proceeds from the collection of penalties associated with delinquent Facilities Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

Annual Determination of Property Categories for Administration of Special Tax. Each Fiscal Year, the Administrator shall:

(i) categorize each Parcel of Taxable Property as Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property or Taxable Public Property,

(ii) for Developed Property, categorize each Parcel as Single Family Attached Property, Single Family Detached Property, Multi-Family Property, or Taxable Non-Residential Property,

(iii) assign each Residential Unit to the appropriate Special Tax Category,

(iv) determine if the Transition Event occurred in the prior Fiscal Year, and

(v) determine the Facilities Special Tax Requirement or Services Special Tax Requirement for the Fiscal Year, as applicable.

In addition, the Administrator shall, on an ongoing basis, monitor changes to the Tentative Map, track all Building Permits that have been issued, and review all condominium plans that have been recorded to determine if there are any proposed Land Use Changes that would affect the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D of the Rate and Method (see “– *Changes to Maximum Facilities Special Tax*” below).

In any Fiscal Year, if it is determined that: (i) a parcel map for property in the District was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

The following terms are defined in the Rate and Method as follows:

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property, excluding Taxable Owners Association Property and Taxable Public Property, for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“Final Map Property” means, in any Fiscal Year, all property for which a Final Map had recorded prior to June 30 of the preceding Fiscal Year and which has not yet become Developed Property, not including Taxable Owners Association Property or Taxable Public Property.

“Multi-Family Property” means, in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a residential structure with five or more Residential Units that are offered for rent to the general public and cannot be purchased by individual homebuyers.

“Non-Residential Property” means, in any Fiscal Year, all Parcels of Developed Property within Improvement Area No. 1 that are not Single Family Attached Property, Single Family Detached Property, Multi-Family Property, Taxable Owners Association Property, or Taxable Public Property.

“Single Family Attached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure

consisting of two or more Residential Units that share common walls, have separate Assessor's Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owner), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

"Single Family Detached Property" means, in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

"Taxable Non-Residential Property" means, in any Fiscal Year, all Parcels of Non-Residential Property that are not exempt pursuant to Section G of the Rate and Method.

"Taxable Owners Association Property" means, in any Fiscal Year after the First Bond Sale (i.e. Fiscal Year 2021-22 and each Fiscal Year thereafter), any Parcel of Owners Association Property that satisfies all three of the following conditions: (i) the Parcel had not been Owners Association Property on the date of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 to the Rate and Method (as may be updated pursuant to Section D of the Rate and Method), the Parcel was not anticipated to be Owners Association Property based on the Expected Land Uses, as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it has become Owners Association Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

"Taxable Property" means all Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Tax pursuant to law or Section G of the Rate and Method.

"Taxable Public Property" means in any Fiscal Year after the First Bond Sale, any Parcel of Public Property that satisfies all three of the following conditions: (i) the Parcel had not been Public Property on the date of issuance of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 to the Rate and Method (as may be updated pursuant to Section D of the Rate and Method), the Parcel was not anticipated to be Public Property based on the Expected Land Uses, as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it has become Public Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

"Transition Event" shall be deemed to have occurred when the Administrator determines that the following events have occurred: (i) all Bonds secured by the levy and collection of Facilities Special Taxes in the CFD have been fully repaid, or there are sufficient revenues available to fully repay the Bonds in funds and accounts that, pursuant to the Indenture (which is defined in the Rate and Method to include the Fiscal Agent Agreement), will require such revenues to be applied to repay the Bonds; (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City; and (iii) there are no other Authorized Facilities that the City intends to fund with Bonds and Facilities Special Taxes.

"Transition Year" means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

"Undeveloped Property" means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property, Final Map Property, Taxable Owners Association Property, or Taxable Public Property.

Maximum Facilities Special Tax. The Maximum Facilities Special Tax is defined in the Rate and Method as the greatest amount of Facilities Special Tax that can be levied on a Parcel in any Fiscal Year determined as follows:

Developed Property - Single Family Attached Property, Single Family Detached Property, and Multi-Family Property. The Maximum Facilities Special Tax for Parcels of Single Family Attached Property, Single Family Detached Property, and Multi-Family Property shall be the greater of (i) the Target Facilities Special Tax described in Table 2 below, or (ii) the Maximum Facilities Special Tax determined pursuant to Section D of the Rate and Method (see “– Changes to Maximum Facilities Special Tax” below).

The Fiscal Year 2021-22 Target Facilities Special Taxes for Single Family Attached Property, Single Family Detached Property, and Multi-Family Property are shown in the following table.

Table 2
Target Facilities Special Tax
Single Family Attached Property,
Single Family Detached Property, and Multi-Family Property

Special Tax Category	Target Facilities Special Tax Before Transition Year (Fiscal Year 2021-22)*	Target Facilities Special Tax In and After Transition Year (Fiscal Year 2021-22)*
<u><i>Single Family Detached Property</i></u>		
Greater than or Equal to 3,000 Square Feet	\$2,167 per Residential Unit	\$0 per Residential Unit
2,800 – 2,999 Square Feet	2,054 per Residential Unit	0 per Residential Unit
2,600 – 2,799 Square Feet	1,940 per Residential Unit	0 per Residential Unit
2,400 – 2,599 Square Feet	1,828 per Residential Unit	0 per Residential Unit
2,200 – 2,399 Square Feet	1,715 per Residential Unit	0 per Residential Unit
Less than 2,200 Square Feet	1,601 per Residential Unit	0 per Residential Unit
<u><i>Single Family Attached Property</i></u>		
Greater than or Equal to 1,800 Square Feet	\$1,785 per Residential Unit	\$0 per Residential Unit
Less than 1,800 Square Feet	1,651 per Residential Unit	0 per Residential Unit
<i>Multi-Family Property</i>	\$254 per Residential Unit	\$0 per Residential Unit

* On July 1, 2022 and on each July 1 thereafter, each Target Facilities Special Tax shown in Table 2 shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

Developed Property – Taxable Non-Residential Property. Prior to the Transition Year, the Maximum Facilities Special Tax for Taxable Non-Residential Property is \$15,675 per Acre for Fiscal Year 2021-22.

On July 1, 2022 and on each July 1 thereafter, the Maximum Facilities Special Tax for Taxable Non-Residential Property shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year. In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Taxable Non-Residential Property unless there are delinquent Facilities Special Taxes on a Parcel, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

Once a Facilities Special Tax has been levied on a Parcel of Developed Property, the Maximum Facilities Special Tax applicable to that Parcel shall not be reduced in future Fiscal Years regardless of changes in land use on the Parcel, except (i) in the event of a

partial prepayment pursuant to Section H of the Rate and Method, and (ii) pursuant to Section D of the Rate and Method. Notwithstanding the foregoing, (i) if Bonds have yet to be issued, the Parcels can be assigned to the appropriate Special Tax Category, and the Administrator shall recalculate the Expected Maximum Facilities Special Tax Revenues based on the corresponding changes in revenues, and (ii) the actual Facilities Special Tax levied on the Parcel in any Fiscal Year may be less than the Maximum Facilities Special Tax if a lower Facilities Special Tax is calculated pursuant to Step 1 in Section E of the Rate and Method, as described under “– Method of Levy of the Facilities Special Tax” below.

Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property. Prior to the Transition Year, the Maximum Facilities Special Tax for Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is \$15,675 per Acre for Fiscal Year 2021-22.

On July 1, 2022 and on each July 1 thereafter, the Maximum Facilities Special Tax for Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year. In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Final Map Property, Undeveloped Property, Taxable Owners Association Property, or Taxable Public Property unless there are delinquent Facilities Special Taxes on a Parcel, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

Changes to Maximum Facilities Special Tax. The Maximum Facilities Special Tax is subject to change as a result of Land Use Changes.

If a Land Use Change is proposed or identified, the Maximum Facilities Special Tax is subject to change as specified in “APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE) – Section D.”

It should be noted that although the Rate and Method assigns a maximum special tax to Non-Residential Property, the circumstances under which the Facilities Special Tax will be levied on Taxable Non-Residential Property are limited, as described below. See “– Developed Property – Taxable Non-Residential Property” above and “– Exemptions” below.

Method of Levy of the Facilities Special Tax. Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: The Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Developed Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement prior to applying any available Capitalized Interest.

Step 2: If additional revenue is needed after Step 1 and after applying Capitalized Interest to the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Final Map Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 3: If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for Undeveloped Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 4: If additional revenue is needed after Step 3, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Taxable Owners Association Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 5: If additional revenue is needed after Step 4, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Taxable Public Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Exemptions. Notwithstanding any other provision of the Rate and Method, no Special Tax shall be levied on the following: (i) Owners Association Property or Public Property, except Taxable Owners Association Property and Taxable Public Property, (ii) Parcels that are: (a) designated as permanent open space or common space on which no structure is permitted to be constructed, (b) owned by a public utility for an unmanned facility, or (c) subject to an easement that precludes any other use on the Parcels. Notwithstanding the foregoing, if a Maximum Facilities Special Tax was assigned to a Parcel, and the entire Parcel meets the criteria in (a), (b) or (c) above, the Parcel shall remain subject to the levy of the Facilities Special Tax, unless the First Bond Sale for Improvement Area No. 1 has not occurred, or the Administrator determines that, if such Parcel becomes exempt from the Facilities Special Tax, the corresponding reduction in the Expected Maximum Facilities Special Tax Revenues would not reduce debt service coverage on outstanding Bonds below the Required Coverage. In either case, such property shall be categorized as Public Property, and the Administrator shall recalculate the Expected Maximum Facilities Special Tax Revenues to reflect the corresponding loss in revenues.

Subject to Section C.2 of the Rate and Method (see “– *Maximum Facilities Special Tax – Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property*” above), no Special Tax shall be levied on up to 1.5 Acres of Non-Residential Property in Improvement Area No. 1, which tax-exempt status will be assigned by the Administrator in chronological order based on the date on which Building Permits are issued for non-residential structures on Parcels of Taxable Property.

Prepayment of Special Tax. A property owner may prepay up to 75% of the Facilities Special Tax obligation applicable to a Parcel, provided that a prepayment may be made only if there are no delinquent Facilities Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay a portion of the Facilities Special Tax obligation shall provide the City with (i) written notice of intent to prepay, which shall identify the percentage of the Maximum Facilities Special Tax that is to be prepaid, (ii) payment of fees established by the City to process the prepayment request, and (iii) written evidence that there are no delinquent Special Taxes against the Parcel. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Facilities Special Taxes. Under no circumstance shall a prepayment be allowed that would reduce debt service coverage below the Required Coverage.

The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Facilities Amount and other costs, all as specified in "APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE) – Section H."

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property, except as provided in the special covenant for foreclosure described below, the Ordinance and in the Act. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

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

While judicial foreclosure is not mandatory under the Act, the City has covenanted in the Fiscal Agent Agreement that on or about March 30 and July 30 of each Fiscal Year, the City will:

- (1) compare the amount of Special Taxes previously levied in Improvement Area No. 1 to the amount of Special Tax Revenues received by the City, and
- (2) because it is the County's practice under the Guidelines (as hereinafter defined) to apportion Special Taxes to the City as if the Special Taxes were covered by the Teeter Plan (as hereinafter defined) even though Special Taxes are not covered by the County's Teeter Plan as further described below (see " – Special Taxes Are Not Covered By Teeter Plan"), the City will make a good faith effort at the time of each apportionment of Special Taxes to obtain information from the County as to the Special Tax delinquencies represented by such apportionment.

Thereafter, if delinquencies have occurred, the City will proceed as follows:

Individual Parcel Delinquencies. If the City determines that any single parcel subject to the Special Tax in Improvement Area No. 1 is delinquent in the payment of Special Taxes in the aggregate amount of \$2,000 or more, then the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of such determination.

Notwithstanding the foregoing, the City may defer any such actions with respect to a delinquent parcel if (1) the Special Taxes are covered by the County's Teeter Plan, or an equivalent procedure, but only to the extent that the City cannot be required to repay the County for amounts apportioned by the County to the City that represent delinquent Special Taxes, (2) the amount in the 2020 Reserve Fund is at least equal to the 2020 Reserve Requirement, (3) the amount in the reserve account for any Parity Bonds that are not 2020-Related Parity Bonds is at least equal to the required amount and (4) the subject parcel is not delinquent with respect to more than \$5,000 of Special Taxes.

Aggregate Delinquencies. If the City determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire Improvement Area No. 1 (including the total of delinquencies under the two paragraphs above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are 10 or fewer owners of real property within Improvement Area No. 1, determined by reference to the latest available secured property tax roll of the County, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in Improvement Area No. 1 with a Special Tax delinquency.

Individual Owner Delinquencies. As to any owner of more than one parcel within Improvement Area No. 1, if the City determines that the aggregate amount of delinquent Special Taxes for all preceding tax years on all parcels owned by such owner (whether such parcels are owned solely by such owner or jointly by such owner and one or more others) exceeds \$5,000, then the City shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 90 days of such determination, regardless of when such delinquencies occurred.

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

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the “**FDIC**”). See “BOND OWNERS’ RISKS – Bankruptcy Delays.”

Special Taxes Are Not Covered By Teeter Plan. The County has adopted written guidelines for its Alternative Method of Tax Apportionment (“**Teeter Plan**”), as set forth in the “County of Solano Guideline - Solano County Teeter Program” dated March 25, 2004 (the “**Guidelines**”). Under the Guidelines, (i) Special Taxes are not covered by the County’s Teeter Plan, (ii) notwithstanding that Special Taxes are not covered by the County’s Teeter Plan, for administrative convenience, the County will apportion Special Taxes to the City as if the Special Taxes were covered by the Teeter Plan, and (iii) the County may demand the repayment by the City of apportionments that represent delinquent Special Taxes when the County determines that the collection of the delinquent Special Taxes is unlikely.

As a result, the City is permitted under the Fiscal Agent Agreement to use Special Taxes at any time to repay the County for amounts apportioned by the County to the City that represent delinquent Special Taxes if failure to do so will cause the County to withhold property tax revenues (other than Special Taxes) that would otherwise be apportioned to the City; provided, however, that in the event the County asks the City to repay the County for the apportionment of amounts that represent delinquent Special Taxes, the City will make a good faith effort to negotiate a payment plan with the County that will not require the City to repay the County with Special Taxes if doing so will result in there being insufficient Special Tax Revenues to pay debt service on the Bonds when due. Therefore, the District's receipt of Special Taxes will be impacted by delinquencies in payment, as well as by the collection of interest and penalties on past delinquencies in the future.

See "THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Potential Consequences of Special Tax Delinquencies" and "BOND OWNERS' RISKS – Property Tax Delinquencies."

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Finance Director and shall be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due Debt Service on the Bonds; second, without preference or priority, for transfer to the 2020 Reserve Fund to the extent needed to increase the amount then on deposit in the 2020 Reserve Fund up to the then 2020 Reserve Requirement and for transfer to the reserve account for any Parity Bonds that are not 2020-Related Parity Bonds to the extent needed to increase the amount then on deposit in such reserve account up to the amount then required to be deposited therein (and in the event the collection of delinquencies in payment of Special Taxes is not sufficient for the purposes of this clause, such amounts shall be applied to the 2020 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds); and third, to be held in the Special Tax Fund for use as described in "– Disbursements" below; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting a prepayment of construction costs (which otherwise could have been included in the proceeds of Parity Bonds) shall be deposited by the Fiscal Agent to the Improvement Fund and (b) the remaining

Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the City and Owners of the Bonds, will be disbursed as provided below and, pending disbursement, will be subject to a lien in favor of the Owners of the Bonds.

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

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the 2020 Reserve Fund and any reserve account for Parity Bonds that are not 2020-Related Parity Bonds, the 2021 Capitalized Interest Account and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date or redemption date and any past due principal or interest on the Bonds not theretofore paid from a transfer described in the Fiscal Agent Agreement, and

(ii) without preference or priority (a) to the 2020 Reserve Fund an amount, taking into account amounts then on deposit in the 2020 Reserve Fund, such that the amount in the 2020 Reserve Fund is equal to the 2020 Reserve Requirement, and (b) to the reserve account for any Parity Bonds that are not 2020-Related Parity Bonds, taking into account amounts then on deposit in the such reserve account, such that the amount in such reserve account is equal to the amount required to be on deposit therein (and in the event that amounts in the Special Tax Fund are not sufficient for the purposes of this paragraph, such amounts will be applied to the 2020 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds).

(iii) between each September 2, beginning on September 2, 2020, and the immediately succeeding December 31, the City may direct the Fiscal Agent to transfer any of the moneys remaining in the Special Tax Fund to (A) the Remainder Taxes Account or (B) the Administrative Expense Fund.

As described above, because it is the County's practice under the Guidelines to apportion Special Taxes to the City as if the Special Taxes were covered by the Teeter Plan even though Special Taxes are not covered by the County's Teeter Plan, the City may use Special Taxes at any time to repay the County for amounts apportioned by the County to the City that represent delinquent Special Taxes if failure to do so will cause the County to withhold property tax revenues (other than Special Taxes) that would otherwise be apportioned to the City. See "– Special Taxes Are Not Covered By Teeter Plan."

Bond Fund

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

Under the Fiscal Agent Agreement, within the Bond Fund there is established a separate account designated as the “2021 Capitalized Interest Account” to be held in trust by the Fiscal Agent for the benefit of the City and the Owners of the 2021 Bonds into which a portion of the proceeds of the 2021 Bonds will be deposited on the Closing Date. Amounts on deposit in the 2021 Capitalized Interest Account will be used and withdrawn by the Fiscal Agent solely for the purpose of paying interest on the 2021 Bonds through September 1, 2022.

When the amount in the 2021 Capitalized Interest Account is fully expended for the payment of interest, the account will be closed.

There is also created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the “Special Tax Prepayments Account,” to the credit of which deposits will be made as provided in the Fiscal Agent Agreement.

Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to the Fiscal Agent Agreement will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent will do the following:

(i) Withdraw from the 2020 Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2020 Bonds, 2021 Bonds and any other 2020-Related Parity Bonds. Amounts so withdrawn from the 2020 Reserve Fund will be deposited in the Bond Fund.

(ii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not 2020-Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from any such reserve fund will be deposited in the Bond Fund.

If, after the foregoing transfers and application of such funds for their intended purposes, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph under “Bond Fund – Disbursements” above, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments. Each such payment will be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds, subject to the restrictions on the uses of any funds as set forth in the Fiscal Agent Agreement. Any sinking payment not made as scheduled will be added to the sinking payment to be made on the next sinking payment date. Any failure by the Fiscal Agent to provide the notices required by the Fiscal Agent Agreement will not alter the obligation of the City to make the scheduled payments from amounts in the Bond Fund.

Disbursements from the Special Tax Prepayments Account. Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement, and will be used (together with any amounts transferred pursuant to the Fiscal Agent Agreement) to redeem Bonds on the redemption date selected in accordance the Fiscal Agent Agreement.

2020 Reserve Fund

General. In order to further secure the payment of principal of and interest on the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds issued in the future, a portion of the proceeds of the 2021 Bonds will be deposited into the 2020 Reserve Fund in an amount equal to the “**2020 Reserve Requirement**” (as defined below). Under the Fiscal Agent Agreement, the 2021 Bonds have been designated 2020-Related Parity Bonds. See “FINANCING PLAN – Estimated Sources and Uses of Funds.”

2020 Reserve Requirement. The “**2020 Reserve Requirement**” is defined in the Fiscal Agent Agreement to mean the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2020 Bonds and 2020-Related Parity Bonds (including the 2021 Bonds), (b) 125% of average Annual Debt Service on the 2020 Bonds and 2020-Related Parity Bonds, and (c) 10% of the outstanding principal of the 2020 Bonds and 2020-Related Parity Bonds; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2020 Bonds or any 2020-Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2020 Bonds or any 2020-Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2020 Bonds or any 2020-Related Parity Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated exceed the amount on deposit in the 2020 Reserve Fund on the date of issuance of the most recently issued series of 2020-Related Parity Bonds (if any 2020-Related Parity Bonds are covered by the 2020 Reserve Fund) except in connection with any increase associated with the issuance of 2020-Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2020 Reserve Fund in connection with the issuance of a series of 2020-Related Parity Bonds

exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Use of 2020 Reserve Fund. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the 2020 Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2020 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2020 Bonds, the 2021 Bonds and any 2020-Related Parity Bonds, the Fiscal Agent will provide written notice thereof to the Finance Director, specifying the amount withdrawn.

Qualified Reserve Fund Credit Instruments. The City has the right at any time to direct the Fiscal Agent to release funds from the 2020 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument (as defined in the Fiscal Agent Agreement), and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2020 Bonds, the 2021 Bonds or any other 2020-Related Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2020 Reserve Fund with cash if, at any time that the 2020 Bonds, the 2021 Bonds or any other 2020-Related Parity Bonds are Outstanding, amounts are not available to be drawn upon under the Qualified Reserve Account Credit Instrument. The City and the Fiscal Agent will comply with the terms of the Qualified Reserve Account Credit Instrument as will be required to receive payments thereunder in the event and to the extent required under the Fiscal Agent Agreement.

See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT” for a complete description of the timing, purpose and manner of disbursements from the 2020 Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT” for a definition of “Permitted Investments.”

THE DISTRICT AND IMPROVEMENT AREA NO. 1

Formation and Background

Formation. The District was established by the City Council under the Act on May 7, 2019, following a noticed public hearing. On the same date, an election was held in which the qualified electors within Improvement Area No. 1 approved a ballot proposition authorizing the City to incur bonded indebtedness for Improvement Area No. 1 of the District of up to \$33,000,000 to finance the acquisition and construction of the authorized Facilities, to levy the Special Taxes, and to establish an appropriations limit for Improvement Area No. 1 of the District.

The District is authorized to finance the construction of authorized Facilities. See “FINANCING PLAN – Facilities Financing Plan.”

The Rate and Method by which Special Taxes may be levied is attached as “APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE).” See “SECURITY FOR THE 2021 BONDS – Rate and Method” for a summary of the Rate and Method.

Future Annexation Area. The District was originally formed to include Improvement Area No. 1 and “City of Fairfield Community Facilities District No. 2019-1 (One Lake) Future Annexation Area.” The Future Annexation Area enables properties to annex into the District with fewer procedural requirements than would otherwise be required under the Act. Property owners in the Future Annexation Area annex into the District by executing a unanimous approval. Under the Act, a unanimous approval constitutes the vote of a qualified elector in favor of the matters addressed in the unanimous approval for purposes of the California Constitution.

Property within the Future Annexation Area may be annexed into the District as improvement areas to be designated in the future separate and apart from Improvement Area No. 1 (such future improvement areas, the “**Future Improvement Areas**”), or into Improvement Area No. 1. For Future Improvement Areas, a different rate and method may be adopted if the annexed territory is designated as a separate improvement area. No supplements to the Rate and Method in connection with the annexation of territory to Improvement Area No. 1 (if any) and no new rate and method for any Future Improvement Area will cause the maximum tax rate in the territory that was in the District prior to the annexation (including Improvement Area No. 1) to increase.

At the time the City established the District, the Future Annexation Area included Neighborhoods 8 and 9. On August 17, 2021, the Master Developer as the owner of the property within Neighborhoods 8 and 9 executed a unanimous approval to annex such property into Improvement Area No. 1 thereby annexing such property into the District on such date. Currently, there is no intention for any additional territory to annex into Improvement Area No. 1.

The 2021 Bonds are secured only by the Special Taxes levied within Improvement Area No. 1. The property outside of Improvement Area No. 1 is not subject to the lien of Special Tax and will not be subject to a Special Tax securing the 2021 Bonds or any Parity Bonds issued in the future (unless such property is annexed to Improvement Area No. 1, which is not currently contemplated by the Master Developer).

Description and Location

General. The District is located in the northeastern area of the City along the west side of Vanden Road at One Lake Drive. See “APPENDIX A – GENERAL INFORMATION ABOUT

THE CITY OF FAIRFIELD AND SOLANO COUNTY” for demographic and other information regarding the area in and around the District.

Improvement Area No. 1 is zoned TS-PD (Train Station Specific Plan) by the City, which allows for residential low, medium & high density development. The property within Improvement Area No. 1 is anticipated to be improved with 833 residential units, a 3.7-acre public park, and public street improvements. The 833 residential units are anticipated to consist of 515 single-family detached homes and 318 attached homes constructed in four phases – Phase 1A, Phase 1B, Phase 1C and Phase 1D.

Water service to the property within Improvement Area No. 1 will be supplied by the City. Sewer service will be provided by the Fairfield-Suisun Sewer District, electricity and gas will be supplied by Pacific Gas & Electric, telephone services by AT&T, refuse collection by Republic Services, and police and fire services by the City.

The property in Improvement Area No. 1 is part of the larger master-planned community known as “One Lake” being developed by the Master Developer. The One Lake Property is within the Specific Plan. Improvement Area No. 1 comprises most of Planning Area 4 of the Specific Plan, with all of Planning Area 5 comprising the Future Annexation Area. Together, Planning Area 4 and Planning Area 5 total approximately 358.5 gross acres. The Master Developer anticipates that the One Lake Project will be developed in numerous phases that will ultimately consist of over 1,619 single family homes, 318 attached homes, 190 apartment units and approximately 30,000 square feet of retail/commercial space. A site plan map for the One Lake Project, which includes Improvement Area No. 1, is set forth on the following page.

See “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS” for additional information regarding the property ownership and development status within Improvement Area No. 1, the One Lake Project, and the Specific Plan.

Boundary Map. The boundary map showing the consolidated boundaries of Improvement Area No. 1 (i.e., after the annexation of Neighborhoods 8 and 9) is attached as Appendix I.

One Lake Project Map. The map showing the boundaries of the One Lake Project follows on the next page.

[INSERT SITE PLAN MAP FOR ONE LAKE PROJECT]

Authorized Facilities

General. Under the Resolution of Formation adopted by the City Council, as the legislative body of the District, on May 7, 2019, the District (and each improvement area therein) is authorized to finance all or a portion of the costs of acquisition, construction and improvement of facilities permitted under the Act and that are required as conditions of development of property in the District, the Future Annexation Area and any other property annexed to the District. The facilities authorized to be financed (the “**Facilities**”) include, among others, roadway improvements, wastewater treatment facilities, water facilities, and public safety improvements. The Facilities may be located within or outside the District.

Status of Construction of Facilities. For the current status of the construction of Facilities in Improvement Area No. 1, see “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Public Improvements Required for the One Lake Project.”

Environmental Matters

General. The City certified the final Environmental Impact Report for the Specific Plan (the “**EIR**”) under the California Environmental Quality Act on July 26, 2011. The former railroad right-of-way, along the southern and western property boundaries of Improvement Area No. 1 has been impacted with elevated concentrations of arsenic and lead. The former railroad right-of-way, which is owned by the City and not a part of the One Lake Project, will be improved with a Linear Park Trail. Remedial work was necessary to remove these areas of the impacts, in-order to allow for the proposed trail redevelopment. The Master Developer, through the completion of a Phase II Assessment, conducted field reconnaissance and soil sampling to delineate the extent of the arsenic soil impact. The scope of the Phase II Assessment includes an arsenic background soil analysis, additional step-out and vertical soil sampling, groundwater sampling, and groundwater leachability analysis. Based on the work completed, the extent of anthropogenic impact to the rail spur soils was limited to a 50-foot wide corridor along the centerline of the former rail spur alignment. Acting as agent for the City, the Master Developer prepared all the necessary documentation and testing analysis to meet compliance with Department of Toxic Substance Control (“**DTSC**”) requirements for the former railroad right-of-way, approximately 5.1 acres in size. With oversight from DTSC, the Master Developer has completed all the remediation work and is awaiting the closure letter from DTSC. All such remediation necessary for the development of Improvement Area No. 1 as described in this Official Statement, including for merchant builders to obtain building permits within Improvement Area No. 1, has been completed.

Flood Hazard Map Information. The District is located in an area of minimal flooding according to the Federal Emergency Management Association (“**FEMA**”). In particular, Improvement Area No. 1 is located in an area designated by FEMA as being within Zone X, with a 0.02% chance of flooding in any given year. See “BOND OWNERS’ RISKS – Property Values – Natural Disasters.”

Seismic Conditions. Like other areas of Northern California, property in the District is subject to the risk of major earthquake damage. The City is located along the eastern edge of the seismically active Coast Ranges of California. Active faults near the City include the Green Valley and Cordelia faults. Most large earthquakes in the Bay Area have occurred along the major faults including the San Andreas, Hayward, and Calaveras faults, which are located 20 to 45 miles west and south of the City. A significant earthquake along these or other faults is possible during the period the 2021 Bonds will be outstanding. See “BOND OWNERS’ RISKS – Property Values – Natural Disasters.”

Environmental Permits and Requirements. In connection with the development of the One Lake Project, the Master Developer has obtained permits from Army Corps of Engineers, US Fish and Wildlife Service, and California State Water Resources Control Board (collectively, the “**Environmental Permits**”). Such permits establish requirements to avoid, minimize, and mitigate impacts to wetlands, streams, and threatened and endangered species. Compliance with these permits fall into three, interrelated primary categories: (i) avoidance and minimization of impacts during project construction; (ii) wetland mitigation; and (iii) habitat conservation for endangered species. The following summarizes compliance and ongoing activities related to these permits for Improvement Area No. 1, and the One Lake Project as a whole.

Avoidance and Minimization of Impacts During Project Construction. The Environmental Permits contain multiple requirements for compliance with multiple construction period conditions. These conditions include requirements for ongoing compliance such as monitoring by approved biologists and other technical disciplines, environmental training for construction crews, work restrictions during wet weather, and capture and relocation of threatened and endangered species, most notably the threatened California tiger salamander.

The One Lake Project is in good standing with all agencies with respect to the Environmental Permits and has demonstrated ongoing compliance with all required permit conditions to each relevant agency and is up to date on all reporting requirements. The California Department of Fish and Wildlife has also agreed that all construction related conditions (limiting construction periods and timing) are no longer required within Improvement Area No. 1. Additionally, from November 2018 through March 2020, the Master Developer relocated approximately 6,780 California tiger salamanders from the One Lake Project to designated habitat mitigation lands (owned by the Master Developer) in compliance with permit requirements.

Wetland Mitigation. Under the Environmental Permits issued by the US Army Corps of Engineers and State Water Resources Control Board, the Master Developer is required to provide compensatory mitigation for the authorized impacts to wetlands by establishing (constructing) 20.12 acres of vernal pool habitat, rehabilitating 21.00 acres of existing vernal pool, and enhancing functions on an additional 45.03 acres of existing wetlands. Construction activities for implementing of the wetland mitigation requirements was initiated in the summer of 2018 and completed in the late summer 2019. An as-built compliance report, including initial hydrological monitoring documenting compliance with the required mitigation, was submitted to the agencies in March 2020.

Habitat Conservation for Endangered Species. The Master Developer is required to secure Habitat Mitigation Lands under conservation easements in a phased approach concurrent with construction. The Master Developer owns approximately 590 acres of lands which are dedicated to the mitigation requirement and has purchased the rights to place a conservation easement on an additional approximately 400 acres of offsite lands. The 990 acres satisfies the habitat mitigation land requirements for Improvement Area No. 1. The conservation easements for these lands is currently in the final stages of review and final approval with the California Department of Fish and Game and U.S. Fish and Wildlife Service. The Master Developer’s consultants have been working diligently with California Department Fish and Wildlife for the past 36 months on finalizing all the documents and the wording of the Conservation Easement Agreement. The Master Developer expects to be in the position to record the Conservation Easement on the mitigation property by March 2022. Costs for the conservation easements and required funding for management of these lands are secured by existing financial assurances (mostly surety bonds and letters of credit) provided as part of the permit with the California Department of Fish and Wildlife.

Special Tax Revenues and Projected Debt Service Coverage

The Rate and Method is structured to produce Special Tax revenues from the Maximum Special Tax that, when applied to the projected Debt Service on the 2020 Bonds and the 2021 Bonds, is anticipated to result in a Debt Service coverage ratio of at least 110% for the life of the 2020 Bonds and the 2021 Bonds, as shown below. The table also presents the expected Maximum Facilities Special Tax revenues at buildout for fiscal year 2021-22. This revenue projection is based on the expected residential units within each special tax category at buildout as of August 1, 2021, per the Master Developer. The amount that is actually levied each fiscal year is determined by the Rate and Method.

Table 3
Projected Special Tax Revenues and Debt Service Coverage ⁽¹⁾

Fiscal Year Ending June 30	A Expected Maximum Special Tax Revenues at Build out ⁽²⁾	B 2020 Bonds Debt Service	C 2021 Bonds Debt Service*	D = B + C Total Net Debt Service*	E = A - D Unused Revenues ^{(3)*}	F = A/D Debt Service Coverage ^{(4)*}
2022 ⁽⁵⁾	\$1,454,779	\$ 809,250	\$ -	\$ 809,250	\$ N/A	N/A
2023	1,483,875	822,000	524,600	1,346,600	137,275	1.10x
2024	1,513,552	839,000	532,400	1,371,400	142,152	1.10x
2025	1,543,823	855,000	544,800	1,399,800	144,023	1.10x
2026	1,574,700	875,000	551,600	1,426,600	148,100	1.10x
2027	1,606,194	888,750	568,000	1,456,750	149,444	1.10x
2028	1,638,317	906,500	578,600	1,485,100	153,217	1.10x
2029	1,671,084	928,000	588,600	1,516,600	154,484	1.10x
2030	1,704,506	943,000	603,000	1,546,000	158,506	1.10x
2031	1,738,596	961,750	616,600	1,578,350	160,246	1.10x
2032	1,773,368	984,000	624,400	1,608,400	164,968	1.10x
2033	1,808,835	1,004,500	636,600	1,641,100	167,735	1.10x
2034	1,845,012	1,023,250	653,000	1,676,250	168,762	1.10x
2035	1,881,912	1,045,250	663,400	1,708,650	173,262	1.10x
2036	1,919,550	1,065,250	678,000	1,743,250	176,300	1.10x
2037	1,957,941	1,083,250	691,600	1,774,850	183,091	1.10x
2038	1,997,100	1,109,250	704,200	1,813,450	183,650	1.10x
2039	2,037,042	1,127,750	720,800	1,848,550	188,492	1.10x
2040	2,077,783	1,154,000	731,200	1,885,200	192,583	1.10x
2041	2,119,338	1,177,500	745,600	1,923,100	196,238	1.10x
2042	2,161,725	1,198,250	763,800	1,962,050	199,675	1.10x
2043	2,204,960	1,221,250	780,600	2,001,850	203,110	1.10x
2044	2,249,059	1,246,250	796,000	2,042,250	206,809	1.10x
2045	2,294,040	1,273,000	810,000	2,083,000	211,040	1.10x
2046	2,339,921	1,296,250	827,600	2,123,850	216,071	1.10x
2047	2,386,719	1,321,000	848,600	2,169,600	217,119	1.10x
2048	2,434,454	1,347,000	862,800	2,209,800	224,654	1.10x
2049	2,483,143	1,374,000	880,400	2,254,400	228,743	1.10x
2050	2,532,806	1,401,750	896,200	2,297,950	234,856	1.10x
2051	2,583,462	-	2,345,200	2,345,200	238,262	1.10x

(1) The actual amount of the levy for each fiscal year will be determined under the Rate and Method. Administrative costs are assumed to be paid out of coverage, i.e. unused revenues.

(2) Based on ownership within Improvement Area No. 1 as of August 1, 2021; subject to the limitations set forth in Section 53321(d) of the Act. See "THE DISTRICT AND IMPROVEMENT AREA NO.1 – Potential Consequences of Special Tax Delinquencies – Limitations on Increases in Special Tax Levy."

(3) Represents Expected Maximum Special Tax Revenues at Buildout less scheduled debt service on the 2020 Bonds and the 2021 Bonds.

(4) Capitalized interest will be used to pay debt service on the 2021 Bonds through September 1, 2022.

(5) The levy for fiscal year 2021-22 has been set and will cover the debt service of the 2020 Bonds and administrative costs. Therefore, no projections for Unused Revenues or Debt Service Coverage in such fiscal year are shown.

Source: Stifel, Nicolaus & Company, Inc.; Goodwin Consulting Group, Inc.

The following table shows the Target Facilities Special Tax and the expected Maximum Facilities Special Tax revenues based on expected land uses at buildout for fiscal year 2021-22.

Table 4
Expected Land Uses and Fiscal Year 2021-22 Expected Maximum Special Tax
Revenues at Buildout

Special Tax Category	FY 2021-22		Expected Residential Units ⁽¹⁾	Maximum Special Tax at Buildout
	Target Facilities Special Tax Before Transition Year			
<u>Single Family Detached Property</u>				
Greater than or Equal to 3,000 Square Feet	\$2,167	per unit	25	\$54,179
2,800 - 2,999 Square Feet	\$2,054	per unit	97	\$199,213
2,600 - 2,799 Square Feet	\$1,940	per unit	77	\$149,406
2,400 - 2,599 Square Feet	\$1,828	per unit	173	\$316,241
2,200 - 2,399 Square Feet	\$1,715	per unit	100	\$171,458
Less than 2,200 Square Feet	\$1,601	per unit	43	\$68,851
Subtotal			515	\$959,347
<u>Single Family Attached Property</u>				
Greater than or Equal to 1,800 Square Feet	\$1,785	per unit	247	\$440,974
Less than 1,800 Square Feet	\$1,651	per unit	71	\$117,230
Subtotal			318	\$558,204
Multi-Family Property	\$254	per unit	0	\$0
Total			833	\$1,517,551

(1) Based on the expected residential units within each special tax category at buildout as of April 20, 2021, per the Master Developer.

Source: Goodwin Consulting Group, Inc.

The following table sets forth the Maximum Special Tax revenues and the hypothetical Special Tax levy for Fiscal Year 2021-22 by development status and property ownership assuming that capitalized interest is not used to offset the Special Tax levy and based on current development status within Improvement Area No. 1 as of August 1, 2021.

Table 5
Fiscal Year 2021-22 Maximum Special Tax Revenues and Hypothetical Special Tax Levy

Development Status and Property Ownership⁽¹⁾	Taxable Parcels	Expected Residential Units	Taxable Acreage	FY 2021-22 Maximum Special Tax Revenues	Percent of Maximum Special Tax Revenues	Hypothetical FY 2021-22 Special Tax Levy⁽²⁾	Percent of Hypothetical Special Tax Levy
<u>Developed Property</u>							
Individual Homeowner	40	40	3.6	\$73,336	5.0%	\$73,336	5.8%
Lennar Homes of California, Inc.	42	42	3.74	\$72,466	5.0%	\$72,466	5.7%
Tri Pointe Homes	123	123	12.89	\$234,323	16.1%	\$234,323	18.6%
Subtotal	205	205	20.2	\$380,124	26.1%	\$380,124	30.1%
<u>Final Map Property</u>							
Lennar Homes of California, Inc.	61	61	5.54	\$86,838	6.0%	\$86,838	6.9%
Tri Pointe Homes	32	32	3.29	\$51,570	3.5%	\$51,570	4.1%
Brookfield Bay Area Holdings, LLC	35	48	3.04	\$47,651	3.3%	\$47,651	3.8%
One Lake Holding, LLC ⁽³⁾	40	40	4.16	\$65,207	4.5%	\$65,207	5.2%
Subtotal	168	181	16.0	\$251,265	17.3%	\$251,265	19.9%
<u>Undeveloped Property</u>							
One Lake Holding, LLC	4	447	52.53	\$823,390	56.6%	\$631,370	50.0%
Subtotal	4	447	52.53	\$823,390	56.6%	\$631,370	50.0%
Total	377	833	88.8	\$1,454,779	100.0%	\$1,262,759	100.0%

(1) Ownership information and development status based on the date of value of the Appraisal.

(2) Assuming no capitalized interest is used to offset the special tax levy for the 2021 Bonds. However, a portion of the proceeds of the 2021 Bonds will be deposited in the 2021 Capitalized Interest Account to pay capitalized interest on the 2021 Bonds through September 1, 2022.

(3) [Tri Pointe has exercised its option to purchase these lots, and the Master Developer expects to close escrow by October 15, 2021.]

Source: BBG, Inc.; Goodwin Consulting Group, Inc.

Assessed Values

General. The valuation of real property in the County is established by the County Assessor. Assessed valuations are reported at 100% of the “full cash value” of the property, which is defined in Article XIII A of the California Constitution as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation. An assessment of “full cash value” is required upon change of ownership or new construction, after which the assessed value increases at a rate no greater than 2% per year. Accordingly, the gross assessed valuation presented in this Official Statement may not necessarily be representative of the actual market value of certain property in Improvement Area No. 1.

Assessed Valuations. The table below shows the Fiscal Year 2021-22 assessed value of the property in Improvement Area No. 1 differentiated by land and improvement values. The Fiscal Year 2021-22 assessed value is based on the January 1, 2021 lien date for such Fiscal Year.

Table 6
Assessed Valuation
Fiscal Year 2021-22

Fiscal Year	Land Value	Improvement Value	Total Value
2021-22	\$27,453,492	\$159,937	\$27,613,429

Source: Solano County Assessor's Office; Goodwin Consulting Group, Inc.

Appraised Values

General. The purpose of the Appraisal was to estimate the fee simple market value of the residential properties within Improvement Area No. 1, by ownership, subject to the Special Taxes levied with respect to Improvement Area No. 1, with the sum of values by ownership representing an aggregate value.

The Appraisal was prepared in compliance with Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics of the Appraisal Institute, and the Appraisal Standards for Land Secured Financing as promulgated by the California Debt and Investment Advisory Commission.

Value Estimates. The Appraiser estimated that, as of the August 1, 2021 date of value, the estimated market value of the taxable property in Improvement Area No. 1 was \$177,860,000.

Valuation Methods. The appraised property includes vacant residential lots. Home values were estimated using the sales comparison approach. In the subject area, lots intended for residential development are typically marketed and sold in bulk to production homebuilders.

In estimating the value for the lots within Improvement Area No. 1, the Appraiser used the sales comparison approach and the subdivision development method. In the sales comparison approach, the Appraiser adjusted the prices of comparable transactions in the region based on differences between comparable properties and the subject property that affect value. Such adjustments include a deduction of 3% in the sales price of homes as an estimate of the impact of the COVID-19 pandemic on home prices. In the subdivision development method approach, the Appraiser considered area bulk lot sales, with adjustments applied accordingly relative to the subject property. This method is a discounted cash flow analysis that reflects anticipated home

prices and costs over an absorption period, leading to an estimate of residual land value. The projected cash flows have a finite life that corresponds with the sellout of the project. The values estimated by the sales comparison approach and subdivision development method were reconciled into a final opinion of value. While a separate cost approach is not utilized in the Appraisal, the Appraiser did conduct a “top down” land value analysis that considers all anticipated construction costs relative to anticipated home prices. This method is effectively a reverse cost approach that may also be used to gauge financial feasibility. For the valuation of the homes in bulk, the estimated home values are incorporated into a discounted cash flow analysis that considers the time and cost of selling the homes over an estimated absorption period.

Neither the City nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal. See “APPENDIX H – APPRAISAL REPORT” for the Appraisal Report, including a description of the valuation process that the Appraiser undertook to arrive at an estimate of value of the appraised property within Improvement Area No. 1.

Appraised Value-to-Debt Ratios

Table 7 on the following page shows the approximate value-to-debt ratio for the parcels in Improvement Area No. 1 of the District allocated by property ownership and development status, based on the appraised values set forth in the Appraisal, the outstanding principal amount of the 2020 Bonds and the principal amount of the 2021 Bonds. Table 8 shows the approximate value-to-debt ratios for the parcels in Improvement Area No. 1 allocated by value-to-debt categories, based on the appraised values set forth in the Appraisal, the outstanding principal amount of the 2020 Bonds, and the principal amount of the 2021 Bonds. See “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS” for a description the ownership status as of August 1, 2021.

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

Table 7
Expected Maximum Special Tax at Buildout and Value-to-Debt Ratios as of August 1, 2021⁽¹⁾

Development Status and Property Ownership⁽¹⁾	Taxable Parcels	Expected Residential Units	Appraised Value	Hypothetical FY 2021-22 Special Tax Levy ⁽²⁾	Percent of Hypothetical Special Tax Levy	Allocated Bond Debt^{(3)(4)*}	Value-to- Lien*
<u>Developed Property</u>							
Individual Homeowner	40	40	\$29,670,000	\$73,336	5.8%	\$1,569,498	18.90
Lennar Homes of California , Inc.	42	42	\$22,278,678	\$72,466	5.7%	\$1,550,884	14.37
Tri Pointe Homes	123	123	\$47,584,431	\$234,323	18.6%	\$5,014,869	9.49
Subtotal	205	205	\$99,533,110	\$380,124	30.1%	\$8,135,251	12.23
<u>Final Map Property</u>							
Lennar Homes of California Inc.	61	61	\$11,271,322	\$86,838	6.9%	\$1,858,460	6.06
Tri Pointe Homes	32	32	\$6,195,569	\$51,570	4.1%	\$1,103,670	5.61
Brookfield Bay Area Holdings, LLC	35	48	\$8,160,000	\$47,651	3.8%	\$1,019,805	8.00
One Lake Holding, LLC	40	40	\$7,600,000	\$65,207	5.2%	\$1,395,522	5.45
Subtotal	168	181	\$33,226,890	\$251,265	19.9%	\$5,377,456	6.18
<u>Undeveloped Property</u>							
One Lake Holding, LLC	4	447	\$45,100,000	\$631,370	50.0%	\$13,512,293	3.34
Subtotal	4	447	\$45,100,000	\$631,370	50.0%	\$13,512,293	3.34
Total	377	833	\$177,860,000	\$1,262,759	100.0%	\$27,025,000	6.58

(1) Ownership information and development status based on the date of value of the Appraisal.

(2) Assuming no capitalized interest is used to offset the special tax levy for the 2021 Bonds. However, a portion of the proceeds of the 2021 Bonds will be deposited in the 2021 Capitalized Interest Account to pay capitalized interest on the 2021 Bonds through September 1, 2022.

(3) Allocated based on the hypothetical fiscal year 2021-22 special tax levy.

(4) Consists of the 2020 Bonds and the 2021 Bonds in the respective principal amounts of \$15,285,000 and \$11,470,000*.

(5) Subsequent to the date of value of the Appraisal, final maps were recorded for Neighborhoods 5A and 8. Therefore, approximately 131 units will be reclassified as Final Map Property in Fiscal Year 2022-23.

Source: Stifel, Nicolaus & Company, Inc.; Goodwin Consulting Group, Inc.; BBG, Inc.

* Preliminary; subject to change.

Table 8
Appraised Values and Value-to-Debt Ratios Based on 2020 Bonds and 2021 Bonds
Allocated by Value-to-Debt Category

Value-to-Lien	Taxable Parcels	Expected Residential Units	Appraised Value	Hypothetical FY 2021-22 Special Tax Levy ⁽¹⁾	Percent of Hypothetical Special Tax Levy	Allocated Bond Debt^{(2)(3)*}	Average Value-to- Lien*
Greater than 7:1	157	169	\$92,683,384	\$272,287	21.6%	\$5,827,363	15.90
5:1 to 7:1	123	124	\$23,236,834	\$180,758	14.3%	\$3,868,496	6.01
3:1 to 5:1	94	359	\$43,677,813	\$439,642	34.8%	\$9,409,029	4.64
2:1 to 3:1	3	181	\$18,261,969	\$370,072	29.3%	\$7,920,113	2.31
Less than 2:1	0	0	\$0	\$0	0.0%	\$0	--
Totals	377	833	\$177,860,000	\$1,262,759	100.0%	\$27,025,000	6.58

(1) Assuming no capitalized interest is used to offset the special tax levy for the 2021 Bonds. However, a portion of the proceeds of the 2021 Bonds will be deposited in the 2021 Capitalized Interest Account to pay capitalized interest on the 2021 Bonds through September 1, 2022.

(2) Allocated based on the hypothetical fiscal year 2021-22 special tax levy.

(3) Consists of the 2020 Bonds and the 2021 Bonds in the respective principal amounts of \$15,285,000 and \$11,470,000*.

Source: Stifel, Nicolaus & Company, Inc.; Goodwin Consulting Group, Inc.; BBG, Inc.

* Preliminary; subject to change.

Direct and Overlapping Governmental Obligations

Contained within the boundaries of Improvement Area No. 1 are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting Improvement Area No. 1 as of August 1, 2021, is shown in the table below, a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement Area No. 1 in whole or in part. These long-term obligations are not payable from Special Taxes derived from Improvement Area No. 1 (except as indicated) nor are they necessarily obligations secured by land within Improvement Area No. 1. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps Improvement Area No. 1; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within Improvement Area No. 1; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in Improvement Area No. 1, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

Table 9
Direct and Overlapping Governmental Obligations

2021-22 Local Secured Assessed Valuation:

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/21</u>
Solano Community College District General Obligation Bonds	0.010%	\$29,920
City of Fairfield Zone of Benefit Obligations ⁽²⁾	0.038	2,454
City of Fairfield Community Facilities District No. 2019-1, I.A. 1	100.000	15,285,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$15,317,374
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Solano County General Fund Obligations	0.010%	\$5,679
Solano County Pension Obligation Bonds	0.010	1,702
Travis Unified School District Certificates of Participation	0.174	30,111
City of Fairfield Pension Obligation Bonds	0.038	11,053
TOTAL OVERLAPPING GENERAL FUND DEBT		\$48,545
 COMBINED TOTAL DEBT		 \$15,365,919

Ratios to 2021-22 Local Secured Assessed Valuation:

Direct Debt	251.19%
Total Direct and Overlapping Tax and Assessment Debt.....	251.72%
Combined Total Debt	252.52%

(1) Excludes the 2021 Bonds.

(2) Represents the City's obligations to allocate property tax revenues levied within Improvement Area No. 1 to pay the Solano County Water Agency for project costs associated with the North Bay Aqueduct of the State Water Project.

Source: California Municipal Statistics, Inc.

Estimated Tax Burden on Single-Family Homes

The following table sets forth the estimated total tax burden on certain developed single-detached unit in Improvement Area No. 1, based on special tax rates for Fiscal Year 2021-22.

Table 10
Fiscal Year 2021-22 Illustrative Tax Bill
(Developed Single-Family Detached Units)

Assumptions		SFD 2,200 –	SFD 2,400 –	SFD 2,800 –	SFD ≥ 3,000 SF	SFA ≥ 1,800 SF
Estimated Base Price ⁽¹⁾		\$710,000	\$700,000	\$780,000	\$830,000	\$585,000
Homeowner's Exemption		(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)
Net Expected Assessed Value		\$703,000	\$693,000	\$773,000	\$823,000	\$578,000
Ad Valorem Tax Rate ⁽²⁾	Rate					
Base Property Tax	1.000000%	\$7,030	\$6,930	\$7,730	\$8,230	\$5,780
Fairfield City	0.002300%	\$16	\$16	\$18	\$19	\$13
SC Water Agency St Water Proj	0.020000%	\$141	\$139	\$155	\$165	\$116
SCC 2012 GOB Series D	0.004977%	\$35	\$34	\$38	\$41	\$29
SCC 2019 Go Refunding Bonds	0.006360%	\$45	\$44	\$49	\$52	\$37
SCC GOB Series 2003a	0.006999%	\$49	\$49	\$54	\$58	\$40
SCC 2015 Go Refunding Bonds	0.000687%	\$5	\$5	\$5	\$6	\$4
SCC GOB 2012 Series B	0.001548%	\$11	\$11	\$12	\$13	\$9
SCC 2014 GOB Ref Series A	0.000615%	\$4	\$4	\$5	\$5	\$4
SCC 2014 GOB Ref Series B	0.004625%	\$33	\$32	\$36	\$38	\$27
SCC 2012 Series C	0.005828%	\$41	\$40	\$45	\$48	\$34
Total Ad Valorem Taxes	1.053939%	\$7,409	\$7,304	\$8,147	\$8,674	\$6,092
Direct Charges ⁽³⁾						
Series 2018-1 CFD Train Station ⁽⁴⁾		\$1,907	\$1,907	\$1,907	\$1,907	\$1,307
F-S SD Drainage Maintenance		\$20	\$20	\$20	\$20	\$20
SF Bay Rest Auth-Measure Aa		\$9	\$10	\$11	\$13	\$8
IA 1 CFD No. 2019-1 (One Lake) ⁽⁴⁾		\$1,715	\$1,828	\$2,054	\$2,167	\$1,785
Total Direct Charges		\$3,651	\$3,765	\$3,992	\$4,107	\$3,120
Total Taxes and Direct Charges		\$11,060	\$11,069	\$12,139	\$12,781	\$9,212
Percentage of Estimated Base Price		1.56%	1.58%	1.56%	1.54%	1.57%

(1) Represents the average base prices included in the Appraisal.

(2) Based on the fiscal year 2020-21 ad valorem tax rates for the tax rate area within the CFD. Ad valorem tax rates are subject to change in future years.

(3) Based on the fiscal year 2020-21 charges identified on the Solano County-issued property tax bills. Charges subject to change in future years.

(4) Represents the fiscal year 2021-22 maximum special tax rates.

Source: Solano County Tax Collector's Office; City of Fairfield; Goodwin Consulting Group, Inc.; BBG, Inc.

Special Tax Collection and Delinquencies Rate Information Available

The following table is a summary of Special Tax levies, collections and delinquency rates in the District beginning in Fiscal Year 2020-21, the first year of the Special Tax levy.

Table 11
Special Tax Levies, Delinquencies and Delinquency Rates
Fiscal Year 2021-22

Fiscal Year	Amount Levied	Parcels Levied	<i>Delinquencies as of August 1, 2021</i>		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent
2020-21	\$16,127.22	9	0	\$0.00	0.00%

Source: Solano County Tax Collector's Office; Willdan Financial Services.

Potential Consequences of Special Tax Delinquencies

General. Delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in Improvement Area No. 1 could result in draws on the 2020 Reserve Fund, and perhaps, ultimately, a default in the payment on the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds. See "SECURITY FOR THE 2021 BONDS – Covenant to Foreclose – Special Taxes Are Not Covered By Teeter Plan" and "BOND OWNERS' RISKS."

Special Tax Enforcement and Collection Procedures. The City could receive additional funds for the payment of Debt Service through foreclosure sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE 2021 BONDS — Covenant to Foreclose" and "BOND OWNERS' RISKS."

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

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within Improvement Area No. 1. See "SECURITY FOR THE 2021 BONDS – Rate and Method." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2021 Bonds. See "BOND OWNERS' RISKS."

PROPERTY OWNERSHIP AND DEVELOPMENT STATUS

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2021 Bonds and the District. No assurance can be given, however, that the proposed development of the property within the One Lake Project and Improvement Area No. 1 will occur in a timely manner or in the configuration or to the density described herein, or that One Lake Holding LLC (the Master Developer), the Merchant Builders, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property within the One Lake Project or Improvement Area No. 1. Neither the 2021 Bonds nor any of the Special Taxes are personal obligations of any property owner within Improvement Area No. 1.

The 2021 Bonds are secured solely by the Special Taxes levied on property within Improvement Area No. 1 and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement as described in this Official Statement. Neither the City nor the Underwriter can provide any assurances as to the accuracy of the information in this section.

The Master Developer

The One Lake Project Owner. The property in Improvement Area No. 1 is part of the larger master-planned community known as “One Lake” (referred to herein as the “**One Lake Project**” or the “**One Lake Property**”) being developed by One Lake Holding LLC, a Delaware limited liability company (referred to herein as the “**Master Developer**”). The Master Developer is not a homebuilder and is developing the property through the sale to merchant builders such as Lennar Homes of California, Inc. (referred to herein as “**Lennar Homes**”), Tri Pointe Homes Holdings, Inc. (referred to herein as “**Tri Pointe**”) and Brookfield Bay Area Holdings LLC (referred to herein as “**Brookfield**” and together with Lennar Homes and Tri Pointe, the “**Merchant Builders**”).

The status of the ownership for the One Lake Project (which includes Improvement Area No. 1) as of August 1, 2021 is shown on the following table.

Table 12
Ownership of the Property in the One Lake Project
As of August 1, 2021

Improvement Area	Phase	Neighborhood (Units)	Owner
Improvement Area No. 1	1A	3A (32 Units)	Tri Pointe
		3A (13 Units)	Individual Homeowners
		3B (43 Units)	Lennar Homes
		3B (27 Units)	Individual Homeowners
		3C (14 Units)	Tri Pointe
		2 (58 Units)	Tri Pointe
	1B	4A (51 Units)	Tri Pointe
		4B (60 Units)	Lennar Homes
		4C (20 Units)	Master Developer (under contract with Tri Pointe) ⁽¹⁾
		7A (48 Units)	Brookfield
		7B (20 Units)	Master Developer (under contract with Tri Pointe) ⁽¹⁾
	1C	5A (75 Units*)	Master Developer
		5B (22 Units*)	Master Developer
		6A (60 Units)	Master Developer (under contract with Brookfield) ⁽²⁾
		6B (24 Units*)	Master Developer
	1D	8 (56 Units*)	Master Developer
		9 (210 Units*)	Master Developer
Future Annexation Area		(1,104 Units*)	Master Developer

(1) Tri Pointe has exercised its option to purchase these lots, and the Master Developer expects to close escrow by October 15, 2021.

(2) Neighborhood 6A is under contract with Brookfield, with a non-refundable deposit having been made. Escrow will close when the finished lots are delivered, which is anticipated to occur in May 2022.

* Projected.

Source: One Lake Holding LLC; Lennar Homes; Tri Pointe; Brookfield.

Master Developer. The Master Developer is One Lake Holding LLC, a Delaware limited liability company, and is 100% owned by Canon Station, LLC, a California corporation (“**Canon Station**”). The controlling interest in Canon Station is held by McKinley Partners Fairfield LP, a Delaware limited partnership (“**McKinley Fairfield**”), formed by McKinley Realty Partners (“**McKinley**”), a privately held, fully integrated real estate operator and fund management firm. McKinley has full authority to manage both Canon Station and the Master Developer. McKinley’s principals are Daniel Aguilar, Steve Riter, and Jeff Shaffer. Mr. Aguilar and Mr. Riter, who are also officers of the Master Developer, are located in Walnut Creek, while Mr. Shaffer is headquartered in San Diego. Brief biographies of Mr. Aguilar, Mr. Riter, and Mr. Shaffer follow.

Daniel Aguilar, Founding Principal.

- Over 38 years of residential development experience.
- Co-founded McKinley Partners in 2006, along with Steve Riter, and raised a \$25 million land fund to acquire seven distressed residential development projects in northern and southern California. This included the co-management of two master-planned communities that have been fully developed or nearing completion. Most of those assets were sold once they were repositioned or re-entitled after the Great Recession.

- Prior to McKinley Partners, Aguilar was a partner at Mission Valley Properties from 1990 to 2006, where he successfully optioned and procured entitlements for six residential developments in the northern part of the San Francisco Bay Area.
- From 1996 to 1998, Mr. Aguilar worked as a consultant procuring entitlements (development approvals) on several projects within the greater San Francisco Bay Area.
- From 1988 to 1995, Mr. Aguilar worked for Southwest Diversified/Coscan, now Brookfield Homes, VP of finance and land acquisition.
- His first job after receiving his MBA from UCLA was for Citicorp Real Estate Group, as a VP of construction lending from 1980 to 1988.

Steve Riter, Founding Principal.

- Over 36 years of residential development experience.
- Mr. Riter co-founded McKinley Partners in 2006, directing all investment strategies of the Company and acting as primary manager of many acquisitions and land development efforts of McKinley investment portfolio projects.
- Mr. Riter was also a partner in Mission Valley Properties where he acquired, entitled and developed residential projects throughout Northern California.
- Prior to joining Mission Valley Properties, he was VP of Land Acquisition and Development at Catellus Residential Group and was responsible for acquiring and entitling residential properties and building a regional California homebuilder presence.
- From 1990 – 1996, Mr. Riter's professional experience included residential land acquisition and development experience with SummerHill Homes, a subsidiary of Marcus & Millichap Inc. and Southwest Diversified/Coscan (now known as Brookfield Homes).
- From 1984 to 1990 he was Project Controller for the Vintage Club, with Vintage Properties a \$1.1 billion mixed-use residential and commercial development company, where he later transitioned to Manager of Land Acquisition.
- Mr. Riter was a member of the Board of Directors of Seneca Center, a \$75 million non-profit serving children and families in the San Francisco Bay Area.
- He received a Bachelor of Science in Business from Brigham Young University in 1981 and conducted Master of Business Administration studies at John F. Kennedy University.

Jeff Shaffer, Principal.

- Over 26 years of residential development experience.
- Joined McKinley Partners in 2007 to head up Southern California acquisitions and investments. After the initial land fund acquisitions, he ran the foreclosed home acquisitions and portfolios in Southern California and San Antonio. In 2015, he became the principal manager of the \$30 million Development Capital Fund, and in 2018 raised and manages the \$100 million Opportunity Fund X (OFX).
- As part of the OFX, Mr. Shaffer is on the six-person Executive Committee overseeing the development in the 1800-unit Carroll Canyon master planned development in San Diego, in a joint venture with California West Communities, Lennar Homes, and Shea Homes. The OFX is also invested in real estate developments in the San Francisco Bay Area, Sacramento, and Salt Lake City.
- Prior to McKinley, Mr. Shaffer joined a regional homebuilder, SeaCountry Homes, as their VP of Operations managing the entitlement, development, and operations in San Diego, Riverside, and San Bernardino counties, where he brought to market over 600 lots and homes in 3 years.
- In 1999, he then joined Pacific Ridge as the development manager for a 90,000 sq. ft. themed retail center in Sedona, Arizona, and several other projects totaling over 130,000 sq. ft. of retail.

- In 1996, he partnered to form a land development and homebuilding venture (Granite Homes), purchasing RTC and bank-owned assets out of the early 1990s real estate downturn. That company rapidly expanded from an initial 21-lot holding to ultimately controlling approximately 1,435 lots in Sacramento and San Diego, California, San Antonio, Texas, and Phoenix, Arizona.
- Prior to his involvement in real estate, Mr. Shaffer worked on national security and military strategy issues for the Center for Strategic and International Studies in Washington, D.C.
- He earned a BA in International Relations from UCLA and a Master's degree in National Security Studies from Georgetown University.

Prior projects for which McKinley managed or co-managed include:

- Jordan Ranch – 890 residential units, Dublin, California. Developed lots sold to Brookfield, Tri Pointe, Toll Bros., and Landsea; completed and sold out.
- Alamo Creek – 286 residential units, Vacaville, California. Approved lots sold to Tri Pointe and 141 single family units completed and sold out; 140 lots subject of submitted tentative map with buyer to be determined.
- The Vineyard - 351 residential units, Ontario, California. Developed lots sold 229 lots to DR Horton and 122 lots to Woodside Homes; all 351 residential units completed and sold out.
- Arroyo Crossing – 155 residential units, Livermore, California. Approved lots sold to Obrien Group; completed and sold out.
- Carroll Canyon (master planned community) – 1,800 residential units, San Diego. The development partners of Carroll Canyon, include Shea Homes, Lennar Homes, and California West Homes. The first phase models are under construction by all three of the merchant builders.

Since its inception, McKinley has invested over \$440 million of capital from top-tier investors, composed of high net worth individuals, family offices and institutional partners. Acting as the operator, McKinley has partnered with some of the world's largest institutional investors across multiple asset classes. The Master Developer is presently capitalized with over \$55 million of equity primarily from three family offices operating in Germany, Hong Kong, and California. One of these family offices has had a long-standing relationship with McKinley, which has invested over \$200 million in other residential real estate investments over the last 15 years.

As of August 1, 2021, the Master Developer believes that the One Lake Project is adequately capitalized and that there will not be a need for any additional equity investment. If necessary, the Master Developer has the ability to borrow additional funds secured by the One Lake Project.

Further information regarding the Master Developer is available from the McKinley website at www.mckinleycp.com. *This internet address is included for reference only, and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

The One Lake Project

In early 2014, McKinley Fairfield purchased an ownership interest in Canon Station which held an option to purchase property within the Fairfield Train Station Specific Plan, adopted by

the City Council on July 26, 2011, as amended (referred to herein as the “**Specific Plan**”). The Fairfield Train Station Specific Plan guides the development for the last growth area within the City of Fairfield, which encompasses almost 2,972 acres with (i) almost 60% representing open space and habitat conservation open space, (ii) approximately 17% for residential use, (iii) 10% representing industrial use, and (iv) the balance (approximately 13%) representing retail/commercial and parks. The land subject to the Specific Plan is anticipated to ultimately be developed with a diverse mix of housing, shopping, employment and recreational opportunities within walking distance of each other. In September 2014, Canon Station exercised the option to acquire approximately 358.5 gross acres of property known as Planning Areas 4 and 5 of the Specific Plan (referred to herein as the “**One Lake Property**”). As described herein, Improvement Area No. 1 comprises most of Planning Area 4, with all of Planning Area 5 comprising the Future Annexation Area.

In connection with receiving a development loan from Urbanite Capital (as discussed herein), Canon Station transferred title to the One Lake Property to the Master Developer.

The One Lake Property consists of two of the nine planning areas of the Specific Plan. The overall Specific Plan encompasses approximately 2,972 gross acres, with 848 developable residential and commercial acres, and approvals for the development of various land uses, including residential estates, low density residential, medium density residential, high density residential, mixed-use business park, general highway commercial, light industrial and conservation corridors. The Specific Plan and the Environmental Impact Report associated with the Specific Plan were approved by the City of Fairfield on July 26, 2011. The Specific Plan was added to the City of Fairfield’s General Plan shortly thereafter.

The Master Developer intends to develop the One Lake Project (through the sales of lots to merchant builders like the Merchant Builders) in numerous phases that will ultimately consist of 1,619 single-family homes, 318 attached homes, 190 apartment units, and approximately 30,000 square feet of retail/commercial space. The One Lake Project is a reasonably new master planned community offering amenities that are unique to Solano County, with attributes that are uncommon in the Bay Area. Because the One Lake Project is a transit-oriented development, it offers convenience and connectivity, making the One Lake Project a viable option for families, singles, or couples. Homeowners will be able to work-from-home with internet speed unlike any other community in Solano County as the One Lake Project will be the first Gigabit community in the area. The center piece of the One Lake Project is the 10-acre lake and the surrounding 11-acre park. The Lake Park with a one and one-quarter mile promenade around the lake, features 9 park features and an amphitheater. Other community amenities include two 4,900 square foot club facilities with community pool and abundant secondary neighborhood parks, a dog park, and pedestrian trails. The phases of development within the One Lake Project are further described below:

Planning Area 4, Phase 1A – is located within Improvement Area No. 1 and, as of August 1, 2021, has been developed into 187 single-family detached finished lots on 26 acres, all of which have been sold to Merchant Builders, as discussed herein. The Merchant Builders in Phase 1A are developing Phase 1A with single-family detached homes that range in size from 2,183 square feet to 3,019 square feet. Phase 1A includes other improvements that are not in Improvement Area No. 1, including the development a 10-acre public lake, an 11-acre public park, 190 high-density apartments on 5.5 acres, community service commercial on 6.9 acres, and public roads. The apartment site (outside of Improvement Area No. 1) was sold to Meta Housing who is improving the site with 190 “workforce housing” apartment units. See “– Master Developer Development Plan for Improvement Area No. 1” below for more information.

Planning Area 4, Phase 1B – is located within Improvement Area No. 1 and, as of August 1, 2021, is fully developed as 151 single-family finished lots and 48 attached product lots on 26.3 acres. Initially the Master Developer was planning to deliver “blue top lots” (limited to backbone roads and wet and dry utilities), but due to the strong market condition and interest from merchant builders, the Master Developer decided to deliver the neighborhoods in finished lot condition, which includes full in-tract improvements constructed. See “– Master Developer Development Plan for Improvement Area No. 1” below for more information.

Planning Area 4, Phase 1C – is located within Improvement Area No. 1 and, as of August 1, 2021, is being developed into 121 single-family lots and 60 attached units, on 32.1 acres of land, and a 3.8-acre public park. The site work, which required the removal of 180,000 cubic yards of material, is now fully graded and the horizontal improvements will commence in September 2021. The Master Developer anticipates that Neighborhood 5A will be delivered in finished lot condition by January 2022, and Neighborhoods 6A, 6B, and 5B will be fully completed by April 2022. See “– Master Developer Development Plan for Improvement Area No. 1” below for more information.

Phase 1D – is approximately 21.7 acres in size, and was recently annexed into Improvement Area No. 1. As of August 1, 2021, approximately half of the material removed from Phase 1C mass grading was used to raise this site, which will ultimately be improved with 56 single-family lots (Neighborhood 8) and building pads for 210 3-story townhomes (Neighborhood 9). The Final Map for Neighborhood 8 was recently approved by the City of Fairfield and according to the Master Developer, the [horizontal improvements commenced in September 2021], with an estimated completion of January 2022. The development plan for Neighborhood 9 has yet to be designed, but the first phase of those townhome pads should be available in the first quarter of 2023.

Planning Area 5 – In November 2020, a Master Planned Unit Development (the “MPUD”) for Planning Area 5 (and comprising the Future Annexation Area), the second development phase of the One Lake Project, was submitted to the City for the development of 1,104 dwelling units, over roughly 186 acres. According to the Master Developer, the MPUD and Tentative Map approvals are expected by December 2021, with final maps for the first phase of neighborhoods to be approved by April 2022. Assuming the housing market remains strong, the Master Developer plans to start its mass grading operation of Planning Area 5 in the spring of 2022, with the first phase of lots being delivered in December 2022. To reimburse the Master Developer for the construction of public infrastructure improvements within Planning Area 5, the current plan is to create Improvement Area No. 2, and annex the various neighborhoods into Improvement Area No. 2.

Only the property in Improvement Area No. 1 is subject to the Special Tax that secures payment on the 2021 Bonds. The property outside of Improvement Area No. 1, (including all of Planning Area 5, commercial property (except under limited circumstances as described in Section G of the Rate and Method set forth in Appendix B), and apartments described above), is not subject to the lien of Special Tax and will not be subject to a Special Tax securing the 2021 Bonds or any Parity Bonds issued in the future (unless such property is annexed to Improvement Area No. 1, which is not currently contemplated by the Master Developer).

Development Agreement

On May 8, 2015, City and Canon Station entered into that certain Amended and Restated Development Agreement (“**Restated Development Agreement**”) originally concerning the development of the One Lake Project, and was recorded in the Official Records of the County on June 10, 2015, as Document No. 201500051329. The Restated Development Agreement was subsequently amended by (i) that certain First Amendment to Development Agreement recorded in the Official Records of the County on February 17, 2016, as Document No. 201600011949, (ii) that certain Second Amendment to Development Agreement recorded in the Official Records of the County on January 27, 2017, as Document No. 201700009022, (iii) that certain unrecorded Agreement and Consent to Modification and Correction of Development Agreement dated as of August 21, 2017, and (iv) that certain Third Amendment to Development Agreement recorded in the Official Records of the County February 19, 2019, as Document No. 201900009074 and, (v) that certain Fourth Amendment to Development Agreement recorded in the Official Records of the County on June 22, 2021, as Document No. 202100067256 (as so amended, the “**Development Agreement**”).

By that certain Assignment and Assumption Agreement recorded in the Official Records of the County on January 24, 2020, as Document No. 202000006500, Canon Station assigned all of its rights in, to and under the Development Agreement with respect to the One Lake Property to the Master Developer, and as such, the Master Developer is the sole “Developer” under the Development Agreement with respect to the One Lake Property.

The Development Agreement provides the Master Developer the vested right to construct not to exceed 3,101 housing units and 65,000 square feet of commercial floor area and library space, subject to certain conditions of development.

The Development Agreement has a term of 20 years, commencing on the Effective Date of October 25, 2011.

Conditions of Approval. Descriptions of some of the facilities required as conditions of developing the property in Improvement Area No. 1 are further described below:

- **Park Improvements:** The Development Agreement imposes various conditions on development of park improvements, including:
 - (a) Construction on Lake Park Phase I, Lake Edge Treatment, Parking Lot and landscaping must start construction at the 75th unit and finish in 24 months. Work commenced in a timely manner and has been completed.
 - (b) Construction on Lake Park Phase II Westside Landscaping must begin at the 200th unit and finish in 28 months. Landscape plans are under review of the City and this work will commence in the fourth quarter of 2021, which will be timely.
 - (c) Neighborhood Park (Lake Trail Park) must start construction at the 300th unit and finish in 12 months. The mass grading has been completed. The Fourth Amendment to the Development Agreement changed the start time to the 425th unit.
 - (d) Lake Park Phase III is to be built concurrently with Planning Area 4 MR Development or start construction at the 550th unit, whichever occurs first, and finish in 18 months. Work has not yet commenced, but the Master Developer anticipates that it will commence and complete the work by March 2022, thus satisfying the condition at such time.

(e) Lake Park Phase IV is to be built concurrently with Planning Area 4 HR Development or start construction at the 600th unit, whichever occurs first, and finish in 18 months. Work has not yet commenced, but the Master Developer anticipates that it will commence and complete the work by March 2022, thus satisfying the condition at such time.

(f) Great Park Phase I must start construction at the 1,750th unit and finish in 36 months. The Great Park is a 50-acre public park.

(g) Neighborhood Parks are to be built with adjacent development.

- **Linear Park Improvements:** The Development Agreement imposes various conditions on development of linear park improvements, including:

(a) Peabody Road to Lake Trail Drive must start construction at the 250th unit and finish in 18 months. The City is in the process of approving the landscape plans, with work to commence shortly thereafter. The Fourth Amendment to the Development Agreement changed the start time to the 400th unit.

(b) Vanden Road to Center School (including Pedestrian Bridge) must start construction at the 1,200th unit and finish in 18 months.

(c) Lake Trail Drive to New Canon Road must start construction at the 1,250th unit and finish in 18 months.

(d) Peabody Road to Lake Trail Drive must start construction at the 1,500th unit and finish in 18 months.

(e) Lake Trail Drive to New Canon Road must start construction at the 1,600th unit and finish in 18 months.

- The MPUD requires various conditions of development, including that construction on the Village Club (a 4,900 square foot clubhouse, with pool and spa, to be owned by the homeowners association) must commence 18 months after 1st building permit, which means construction must start in approximately December 2021, and must be completed by about the 320th building permit, which is currently anticipated to occur in 2023. The improvement plans for the Village Club have been designed and submitted the City Planning Department for approval. The Master Developer intends to commence construction of the Village Club in November 2021 and complete the building within 18 months, ahead of 320th building permit.
- The Development Agreement also requires the following:
 - \$1.6 million payment for the sewer line along Vanden Road. This amount was paid.
 - Construction of 10-acre lake and non-potable water pump station. Work has been completed.
 - Development of 11-acre public park around the lake. Approximately 50% of the work has been completed and balance is expected to be completed by March 2022.

- Construction of offsite non-potable water system to One Lake Property. Work has been completed.
- Construction of offsite potable water system to One Lake Property. Work has been completed.
- Construction of 3-way signal light at Vanden Road and One Lake Drive. Work has been completed.

Public Improvements Required for the One Lake Project

Improvements. For the One Lake Project as a whole, the Master Developer estimates that it will expend approximately \$394,996,006 in land, infrastructure, financing costs, etc. (see Table 18 herein). As of August 1, 2021, the Master Developer (and its predecessors) has expended approximately \$159,460,913. Table 13 shows (i) the infrastructure improvements and fees required for the development of the One Lake Project as a whole (including Improvement Area No. 1) and (ii) separately, the infrastructure improvements and fees required for the development Improvement Area No. 1 only. All such improvements and fees are payable by the Master Developer. All cost estimates are as of August 1, 2021.

Table 13
Estimated Improvement Costs
(As of August 1, 2021)

Estimated Costs to be Incurred by Master Developer	Total Estimated Costs for One Lake Project	Total Estimated Improvement Area No. 1 Costs	Completed Improvement Area No. 1 Costs	Percentage Complete of Improvement Area No. 1 Costs	Remaining Improvement Area No. 1 Costs
Grading	\$21,512,655	\$15,858,005	\$15,736,393	99%	\$121,612
Backbone Infrastructure	42,918,510	29,897,872	23,382,099	78%	6,515,773
Community Amenities	18,542,562	6,862,562	3,300,384	48%	3,562,178
Landscape & Parks	16,621,114	6,267,953	5,001,048	80%	1,266,905
Consultants & Fees	27,154,599	21,880,320	21,617,191	99%	263,129
Subtotal Backbone Infrastructure	\$126,749,440	\$80,766,712	\$69,037,115	85%	\$11,729,597
Intract Improvements	61,385,985	26,563,767	15,459,919	58%	11,103,848
Total	\$188,135,425	\$107,330,479	\$84,497,034	79%	\$22,833,445

Source: One Lake Holding LLC.

The property in Improvement Area No. 1 has either been, or is currently being, improved with horizontal infrastructure improvements. The Master Developer financed the on-site and off-site improvements, bringing services to all 833 current and future lots in Improvement Area No. 1. All of the lots in Phases 1A (187 lots) and 1B (199 lots) are fully completed and connected to City services. Backbone roads and utilities are extended to Phases 1C and 1D, which were recently graded. Other Phase 1A improvements – although not located in Improvement Area No. 1 - include a 10-acre lake, an 11-acre public park and a 3,600 square foot community welcome center with coffee shop cafe. The Master Developer believes that it will have sufficient funds available to complete its planned development in Improvement Area No. 1 in accordance with the development schedule described above.

Acquisition Agreement

In connection with the formation of the District, Canon Station entered into the Acquisition Agreement dated May 7, 2019, with the City (the “**Acquisition Agreement**”). Canon Station assigned its rights, interests and obligations to Master Developer in 2020. The Acquisition Agreement authorized the financing of various infrastructure improvements and capital improvement fees for the entirety of the District.

The net proceeds of the 2020 Bonds, the 2021 Bonds, certain investment earnings thereon and the proceeds of the Special Tax are expected to be sufficient to fund the construction of a portion, but not all, of the improvements and fees listed in the Acquisition Agreement. The Master Developer anticipates that bond proceeds from the property in future phases of the One Lake Project, revenues from land sales, future bond issues with respect to Future Improvement Areas, and the proceeds of future loans, will be used to fund some or all of the remaining portion of the improvements and fees. The Rate and Method provides that the funding of improvement costs can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes, also described herein as the Remainder Taxes. The Remainder Taxes will provide for funding of the costs of the authorized improvements.

Master Developer Development Plan for Improvement Area No. 1

General. The taxable property within Improvement Area No. 1 is ultimately to be improved with 833 residential units, a 3.7-acre public park, and public street improvements.

Improvement Area No. 1 is being developed in four phases of single-family detached and attached lots (each a “**Phase**” and, collectively, the “**Phases**”). Phases 1A (187 single-family lots) and 1B (151 single-family lots and 48 attached product lots) have been fully developed and sold to Merchant Builders. Phase 1C, which is under development, will be improved with 121 single-family lots and 60 attached units, and a 3.8-acre public park. Phase 1D, located immediately east of the Lake Park and under development, will be improved with 56 units of single-family lots (Neighborhood 8) and 210 3-story townhomes (Neighborhood 9) on 21.7 acres. The Master Developer does not intend to construct residential homes in Improvement Area No. 1, or future improvement areas, but will instead develop the property to either blue top lot or finished lot condition and then sell property within each Phase to one or more merchant builders.

Tract Map Status. A large lot final map for Planning Area 4 was recorded as Canon Station Large Lot Final Map on June 29, 2018. As neighborhoods are ready for development, the Master Developer will work with the City to record neighborhood final maps that create residential lots. Each of the four tables below provide the status of the final maps for each Phase in Improvement Area No. 1.

Final maps for neighborhoods within Phase 1A were recorded on the following dates:

Table 14
Final Map Status for
Phase 1A in Improvement Area No. 1

Neighborhood	Final Map	Approved Number of Units	Date of Recordation
3A	Canon Station Neighborhood 3 (129 Lots)	45 ⁽¹⁾	November 21, 2019
3B		70 ⁽²⁾	
3C		14 ⁽³⁾	
2	Canon Station Neighborhood 2 (58 Lots)	58 ⁽³⁾	November 21, 2019
Total:		187	

(1) 13 lots were owned by individual homeowners and 32 lots were owned by Tri Pointe as of August 1, 2021.

(2) 27 lots were owned by individual homeowners and 43 lots were owned by Lennar Homes as of August 1, 2021.

(3) All lots were owned by Tri Pointe as of August 1, 2021.

Source: One Lake Holding LLC.

Final maps for neighborhoods within Phase 1B were recorded on the following dates:

Table 15
Final Map Status for
Phase 1B in Improvement Area No. 1

Neighborhood	Approved Number of Units	Date of Recordation
4A	51 ⁽¹⁾	December 24, 2020
4B	60 ⁽²⁾	October 6, 2020
4C	20 ⁽³⁾	October 6, 2020
7A	48 ⁽⁴⁾	September 17, 2020
7B	20 ⁽³⁾	September 17, 2020
Total	199	

(1) All lots were owned by Tri Pointe as of August 1, 2021.

(2) All lots were owned by Lennar Homes as of August 1, 2021.

(3) All lots were owned by Master Developer as of August 1, 2021; Tri Pointe has exercised its right to purchase these lots, with an estimated closing of October 15, 2021.

(4) All lots were owned by Brookfield as of August 1, 2021.

Source: One Lake Holding LLC.

Final maps for neighborhoods within Phase 1C were recorded or are anticipated by the Master Developer to be in a “ready to record” state on the following dates:

Table 16
Final Map Status for
Phase 1C in Improvement Area No. 1

Neighborhood	Projected Number of Units	[Estimated] Date of Recordation
5A	75 ⁽¹⁾	September 28, 2021
5B	22 ⁽¹⁾	[February 15, 2022]
6A	60 ⁽²⁾	[February 15, 2022]
6B	24 ⁽¹⁾	[February 15, 2022]
Total	181	

(1) All lots were owned by the Master Developer as of August 1, 2021.

(2) All lots are under contract with Brookfield as of August 1, 2021.

Source: One Lake Holding LLC.

Final maps for neighborhoods within Phase 1D were recorded or are anticipated by the Master Developer to be in a “ready to record” state on the following dates:

Table 17
Final Map Status for
Phase 1D in Improvement Area No. 1

Neighborhood	Projected Number of Units	[Estimated] Date of Recordation
8	56 ⁽¹⁾	[September 1, 2021]
9	210 ⁽¹⁾	[October 1, 2022 ⁽²⁾]
Total	266	

(1) All lots were owned by the Master Developer as of August 1, 2021.

(2) Estimated date of recordation; subject to change.

Source: One Lake Holding LLC.

Master Developer Financing Plan for Improvement Area No. 1

The Master Developer has used the proceeds of two borrowings secured by the One Lake Property (discussed below), proceeds of lot sales, and equity to finance the planned development for Improvement Area No. 1.

First Trust Deed. The Master Developer is the borrower under a credit facility (the “**\$32,000,000 Development Loan**”) with Urbanite Capital (“**Urbanite Capital**”). The \$32,000,000 Development Loan is secured by a first Deed of Trust on all of the One Lake Property owned by the Master Developer. The \$32,000,000 Development Loan is a 4-year facility and was set to mature on September 6, 2021. Urbanite Capital recently approved a loan modification that extends the maturity of the \$32,000,000 Development Loan to December 31, 2021. A Completion Guarantee was provided by Daniel Aguilar and Steve Riter, managing members of McKinley and general partner of McKinley Fairfield. McKinley is in the process of sourcing a new development loan and has received several letters of intent from potential lenders including Urbanite Capital.

The \$32,000,000 Development Loan was drawn in full. As of August 1, 2021, the \$32,000,000 Development Loan had an outstanding balance of \$13,298,443. As property is sold to Merchant Builders, a release price (which varies for each lot from \$9,850 to \$81,542 per lot) is paid to Urbanite Capital, and the Deed of Trust is released from the property sold. As of the date hereof, no default has occurred or is continuing with respect to the \$32,000,000 Development Loan or the Deed of Trust which secures such loan. Interest on the outstanding balance of the \$32,000,000 Development Loan is payable monthly, with outstanding principal due at maturity.

Second Trust Deed. The Master Developer is also obligated to repay the \$15,130,788 purchase back loan (the “**Second Loan**”) that was executed in connection with the purchase of the ownership interests in Canon Station. The note is payable to Owens Realty Mortgage, Inc., as assignee of Canon Partners LLC (the “**Second Lien Lender**”). The Second Loan is secured by a second lien Deed of Trust on the Property owned by the Master Developer, and is not guaranteed. The Second Loan is set to mature on December 10, 2023. As of August 1, 2021, the Second Loan had a balance of \$8,978,787. As of the date hereof, no default has occurred or is continuing with respect to the Second Loan or the Deed of Trust which secures such loan.

Upon an arms-length sale of property within Improvement Area No. 1 that is owned by the Master Developer to a non-affiliate of the Master Developer, in connection with the release of such property from the first Deed of Trust held by Urbanite Capital, the Second Lien Lender will release the property being sold from the lien of the second Deed of Trust securing the Second Loan provided that the Second Lender receives a release price of \$2,000 per lot for each single-family lot in Phase 1C in Planning Area 4, and \$10,000 per lot for each single-family lot in Phase 1D.

Cash Flow Summary. A summary of the expected cash flow for the Master Developer and the development of the One Lake Project, including Improvement Area No. 1, is set forth below:

Table 18
Master Developer Sources & Uses
One Lake Project
(As of August 1, 2021)

	Actual Through 8/1/21 ⁽¹⁾	Projected Through 12/31/21	Projected Through 12/31/22	Thereafter	Totals
Sources					
Land Sales-Single Family	\$49,667,880	\$38,575,000	\$60,192,312	\$171,167,103	\$319,602,295
Land Sales-Townhomes	--	--	--	35,932,568	35,932,568
Land Sales-Apartments	5,700,000	--	--	--	5,700,000
Land Sales-Commercial	--	--	2,297,250	--	2,297,250
Mitigation Credit Sales (net)	4,121,508	(1,247,243)	--	16,495,047	19,369,312
CFD Net Bond Proceeds ⁽²⁾	13,797,541	10,471,177	--	37,731,282	62,000,000
Urbanite Loan	32,000,000	--	--	--	32,000,000
Seller Note	10,020,787	--	--	--	10,020,787
Additional Loans	--	10,269,743	29,730,257	--	40,000,000
Equity	55,068,795	--	764,813	--	55,833,608
TOTAL SOURCES	\$170,376,511	\$58,068,677	\$92,984,632	\$261,326,000	\$582,755,820
Uses					
Land	\$33,375,974	--	\$1,663,683	\$2,941,670	\$37,981,327
Northeast Transportation Improvements ⁽³⁾	--	--	--	44,263,121	44,263,121
Loan Paydown Urbanite	18,701,557	13,298,443	--	--	32,000,000
Loan Paydown Seller Note	1,152,000	342,000	2,612,000	5,914,787	10,020,787
Additional Loan Paydown	--	--	16,500,000	23,500,000	40,000,000
Carrying Costs	3,197,536	609,451	1,672,576	587,028	6,066,591
Backbone Infrastructure	69,564,810	4,302,443	24,602,536	28,279,649	126,749,438
Intract Improvements	15,459,919	6,030,069	10,188,726	29,707,271	61,385,985
Overhead and administration	5,107,993	346,920	743,047	1,418,663	7,616,623
Loan Interest and Fees	12,901,124	1,543,232	2,153,201	2,002,201	18,599,758
Contingency	--	--	--	10,312,376	10,312,376
TOTAL USES	\$159,460,913	\$26,472,558	\$60,135,769	\$148,926,766	\$394,996,006
NET CASH FLOW					
Beginning Balance	\$0	\$10,915,598	\$42,511,717	\$75,360,580	\$187,759,814
Net Cash Flows	10,915,598	31,596,119	32,848,863	112,399,234	--
Ending Balance ⁽⁴⁾	\$10,915,598	\$42,511,717	\$75,360,580	\$187,759,814	\$187,759,814

(1) Includes only revenues and costs associated with the construction of infrastructure through August 1, 2021; does not include every source or cost incurred by the Master Developer through August 1, 2021.

(2) The CFD Net Bond Proceeds shown in the "Thereafter" column are anticipated to be generated from special tax bond sales relating to Improvement Area No. 2.

(3) Represents costs for offsite public improvements, such as roadway, traffic signals, landscaping, etc., that are located within the Specific Plan.

(4) A portion of the ending balance is held in escrow to be used for backbone infrastructure improvements.

Source: One Lake Holding LLC.

The Merchant Builders

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2021 Bonds and the District. No assurance can be given, however, that the proposed development of the property within Improvement Area No. 1 will occur in a timely manner or in the configuration or to the density described herein, or that the Merchant Builders, any owners or affiliates thereof, or any other property owner described herein will retain ownership of its respective property within Improvement Area No. 1. Neither the 2021 Bonds nor any of the Special Taxes are personal obligations of any property owner within Improvement Area No. 1. The 2021 Bonds are secured solely by the Special Taxes levied on property within Improvement Area No. 1 and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement.

Neither the City nor the Underwriter can provide any assurances as to the accuracy of the information in this section.

Merchant Builders in Phase 1A. There are four separate neighborhoods of single-family detached lots within Phase 1A in Improvement Area No. 1: Neighborhood 3A (50 x 80 lots); Neighborhood 3B (46 x 75 lots); Neighborhood 3C (courtyard lots); and Neighborhood 2 (courtyard lots).

The ownership status of the four neighborhoods in Phase 1A as of August 1, 2021, is set forth below:

Table 19
Property in Phase 1A of Improvement Area No. 1

Neighborhood	Actual Lots	Owner	Merchant Builder
3A	33	Tri Pointe	Tri Pointe
	13	Individual Homeowners	
3B	43	Lennar Homes	Lennar Homes
	27	Individual Homeowners	
3C	14	Tri Pointe	Tri Pointe
2	58	Tri Pointe	Tri Pointe
Total	187		

Source: One Lake Holding LLC.

Merchant Builders in Phase 1B. There are five separate neighborhoods of single-family detached and attached lots within Phase 1B in Improvement Area No. 1: Neighborhood 4A (50 x 80 single-family lots); Neighborhood 4B (46 x 75 single-family lots); Neighborhoods 4C and 7B Courtyard lots; and Neighborhood 7A stack flats and attached single family lots.

The ownership status of the five neighborhoods in Phase 1B as of August 1, 2021, is set forth below:

Table 20
Property in Phase 1B of Improvement Area No. 1

Neighborhood	Actual Lots	Owner	Merchant Builder
4A	51	Tri Pointe	Tri Pointe
4B	60	Lennar	Lennar
4C	20	Master Developer	Tri Pointe (under contract) ⁽¹⁾
7A	48	Brookfield	Brookfield
7B	20	Master Developer	Tri Pointe (under contract) ⁽¹⁾
Total	199		

(1) Tri Pointe has exercised its right to purchase these lots, with an estimated closing of October 15, 2021. See “– Tri Pointe – Tri Pointe Purchase History.”
Source: One Lake Holding LLC.

Tri Pointe

General. As previously defined in this Official Statement, “Tri Pointe” is Tri Pointe Homes Holdings, Inc. (formerly known as TRI Pointe Homes, Inc.), a Delaware corporation, which is an indirect, wholly-owned subsidiary of Tri Pointe Homes, Inc., a Delaware corporation (“**Tri Pointe Homes**”), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “TPH”. Tri Pointe Homes is engaged in the design, construction and sale of innovative single-family attached and detached homes in 15 markets across ten states and the District of Columbia. Effective January 15, 2021, Tri Pointe Homes changed its corporate name from “TRI Pointe Group, Inc.” to “Tri Pointe Homes, Inc.” and consolidated its six regional homebuilding brands into one unified name—Tri Pointe Homes.

Tri Pointe Homes is subject to the informational reporting requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, particularly Tri Pointe Homes’ Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 19, 2021, and Tri Pointe Homes’ Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, as filed with the SEC on July 22, 2021, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe Homes and its consolidated subsidiaries, including Tri Pointe, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Tri Pointe Homes. The address of such Internet web site is www.sec.gov. All documents filed by Tri Pointe Homes pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of Tri Pointe Homes' most recent Annual Report on Form 10-K and each of its other quarterly and current reports, including any amendments, are available in the "investors" portion of its website at www.tripointehomes.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Tri Pointe Homes and Tri Pointe are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter.

Tri Pointe Purchase History. On October 4, 2019, the Master Developer and Tri Pointe entered into a Purchase and Sale Agreement and Joint Escrow Instructions (the "**Tri Pointe PSA 1**") for the purchase of 45 single family lots in Neighborhood 3A and an option to purchase 51 lots in Neighborhood 4A (which expired on February 28, 2021). On February 3, 2020, Tri Pointe closed on 45 lots in Neighborhood 3A. On May 18, 2021, Tri Pointe closed on 51 lots in Neighborhood 4A.

On January 22, 2020, the Master Developer and Tri Pointe entered into a Purchase and Sale Agreement and Joint Escrow Instructions (the "**Tri Pointe PSA 2**") for the purchase of 72 single family lots in Neighborhoods 2 and 3C. Tri Pointe closed on the 72 single-family lots within Neighborhoods 2 and 3C on September 18, 2020. Under the Tri Pointe PSA 2, Tri Pointe exercised its option and Tri Pointe is now under contract to purchase 20 lots in Neighborhood 4C and 20 lots in Neighborhood 7B.

Tri Pointe Funding In-Tract Improvements. Under the terms of the Tri Pointe PSA 1 and Tri Pointe PSA 2, the Master Developer is required to fund and construct all in-tract improvements associated with the lots being acquired.

Tri Pointe Development Plan. Tri Pointe's development plan is to construct single-family detached homes on the lots it has acquired. Information on Neighborhood 3A is set forth below. The projected base prices shown in the tables below are as of August 1, 2021. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Table 21a
Neighborhood 3A
45 Single Family Detached Lots
(as of August 1, 2021)
Typical Lot Size - 4,000 sf

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price
Plan 1	2,590	15	\$718,000
Plan 2	2,850	15	748,000
Plan 3	3,019	15	755,000
Totals		45	

Source: Tri Pointe.

Information on Neighborhoods 2 and 3C is set forth below. The projected base prices shown in the tables below are as of August 1, 2021. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Table 21b
Neighborhoods 2 and 3C
72 Single Family Detached Lots
(as of August 1, 2021)
Typical Lot Size - 4,275 sf

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price
Plan 1	2,364	16	\$695,000
Plan 2	2,415	18	705,000
Plan 2X	2,562	20	721,000
Plan 3	2,808	18	740,000
Totals		72	

Source: Tri Pointe.

Information on Neighborhood 4A is set forth below. The projected base prices shown in the tables below are as of August 1, 2021. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Table 21c
Neighborhood 4A
51 Single Family Detached Lots
(as of August 1, 2021)
Typical Lot Size - 4,000 sf

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price
Plan 1	2,590	17	\$718,000
Plan 2	2,850	17	748,000
Plan 3	3,019	17	755,000
Totals		51	

Source: Tri Pointe.

Tri Pointe Status of Development. Tri Pointe obtained building permits for the model homes for Neighborhood 3A in July 2020 and for Neighborhoods 2 and 3C in September 2020. The model homes for Neighborhood 3A opened in December 2020 and the model homes for Neighborhoods 2 and 3C opened in January 2021. Tri Pointe intends to utilize the models from Neighborhoods 2 and 3C to sell homes in Neighborhood 4A. Set forth below is the status of construction of the homes within Tri Pointe's Shimmer neighborhood in Neighborhood 3A, Splash neighborhood in Neighborhoods 2 and 3C, and Shimmer (Phase 2) neighborhood in Neighborhood 4A, as of August 1, 2021.

Table 22
Tri Pointe Status of Development
Neighborhoods 3A, 2 and 3C, and 4A

	Neighborhood 3A (Shimmer)	Neighborhood 2 and 3C (Splash)	Neighborhood 4A (Shimmer, Phase 2)
Projected Units	45	72	51
Closed to Homeowners	[11]	[1]	0
Completed Unclosed Homes (including Models)	6	5	0
Units under Contract to be Sold	20	31	10
Under Construction ⁽¹⁾ (including Models)	17	50	21
Finished Lots	11	16	30
Blue Top Lots	N/A	N/A	N/A
Building Permits Received	34	56	29

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.
Source: Tri Pointe.

Tri Pointe anticipates buildout of its property (i.e., last production home closing) according to the following schedule:

- Neighborhood 3A (Shimmer): Second quarter of 2023
- Neighborhoods 2 and 3C (Splash): Fourth quarter of 2024
- Neighborhood 4A (Shimmer, Phase 2): Second quarter of 2023

Tri Pointe exercised its first right of bulk purchase for the 40 lots within Neighborhoods 4C and 7B. The purchase of such lots is anticipated to close by October 15, 2021. Tri Pointe expects to develop such lots into 40 single-family detached homes based on substantially the same development plan as Tri Pointe's Shimmer neighborhoods in Neighborhoods 3A and 4A.

The anticipated buildout shown above is subject to change, and there can be no guarantee that Tri Pointe will acquire the remaining lots and develop its property according to that schedule.

Although the information in this Official Statement reflects the current development expectations of Tri Pointe, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans and at the prices described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Tri Pointe reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as

sales contracts are subject to cancellation. See “BOND OWNERS’ RISKS – Concentration of Ownership.”

Tri Pointe Financing Plan. Tri Pointe intends to finance the development of its property using internal sources (equity and home sales proceeds). Through August 1, 2021, Tri Pointe has expended approximately \$17 million on the development of the 45 lots within Neighborhood 3A including land acquisition, site development, home building, marketing and sales. Tri Pointe anticipates expending an additional \$8 million to complete the development of such lots. A summary of the costs incurred and anticipated for the full buildout of 45 lots within Neighborhood 3A are set forth in the table below:

Table 23a
Tri Pointe Financing Plan
Neighborhood 3A- Shimmer⁽¹⁾

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$7,700,000	\$6,900,000	\$800,000
Site Construction	1,500,000	600,000	900,000
Direct Construction	14,800,000	8,800,000	6,000,000
Sales and Marketing	1,100,000	600,000	500,000
Total Projected Costs	\$25,100,000	\$16,900,000	\$8,200,000

(1) Rounded to nearest hundred thousand dollars.
Source: Tri Pointe.

Through August 1, 2021, Tri Pointe has expended approximately \$17 million on the development of the 72 lots within Neighborhoods 2 and 3C including land acquisition, site development, home building, marketing and sales. Tri Pointe anticipates expending an additional \$19 million to complete the development of such lots. A summary of the costs incurred and anticipated for the full buildout of the 72 lots within Neighborhoods 2 and 3C are set forth in the table below:

Table 23b
Tri Pointe Financing Plan
Neighborhoods 2 and 3C- Splash⁽¹⁾

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$10,600,000	\$9,500,000	\$1,100,000
Site Construction	2,400,000	500,000	1,900,000
Direct Construction	22,100,000	6,400,000	15,700,000
Sales and Marketing	900,000	400,000	500,000
Total Projected Costs	\$36,000,000	\$16,800,000	\$19,200,000

(1) Rounded to nearest hundred thousand dollars.
Source: Tri Pointe.

Through August 1, 2021, Tri Pointe has expended approximately \$13 million on the development of the 51 lots within Neighborhood 4A including land acquisition, site development, home building, marketing and sales. Tri Pointe anticipates expending an additional \$15 million to complete the development of such lots. A summary of the costs incurred and anticipated for the full buildout of the 51 lots within Neighborhood 4A are set forth in the table below:

Table 23c
Tri Pointe Financing Plan
Neighborhood 4A – Shimmer, Phase 2⁽¹⁾

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$10,100,000	\$9,100,000	\$1,000,000
Site Construction	1,600,000	400,000	1,200,000
Direct Construction	15,800,000	3,000,000	12,800,000
Sales and Marketing	400,000	300,000	100,000
Total Projected Costs	\$27,900,000	\$12,800,000	\$15,100,000

(1) Rounded to nearest hundred thousand dollars.
Source: Tri Pointe.

Although Tri Pointe expects to have sufficient funds available to complete its development in Improvement Area No. 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Tri Pointe or any other source when needed. Neither Tri Pointe, nor any of its related entities, are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area No. 1. Any contributions by Tri Pointe to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Tri Pointe within Improvement Area No. 1 and other financing by Tri Pointe is not put into place, there could be a shortfall in the funds required to complete the planned development by Tri Pointe in Improvement Area No. 1.

COVID-19 Impact. The development of Tri Pointe's planned development within Improvement Area No. 1 is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities' orders and actions. With housing construction considered an essential function, Tri Pointe has largely continued, with certain modifications, its home construction and sales activities in Improvement Area No. 1 to date. That is, Tri Pointe has been able to sell, complete, obtain inspections for and close homes during such period, and intends to continue its operations to the extent permitted. See "BOND OWNERS' RISKS — Public Health Emergencies" herein.

Tri Pointe cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended shelter in place orders), on its ability to continue to sell and close units within Improvement Area No. 1. Such effects, if and as they arise, could have a material adverse effect on the ability of Tri Pointe to develop its property within Improvement Area No. 1 as planned, and no assurance can be provided that Tri Pointe will be able to (a) complete in whole or in any part, or within any particular time, their planned development within Improvement Area No. 1; (b) avoid material increases in development costs

or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) close any additional homes or not experience additional purchase contract cancellations, due to in each case public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise.

Lennar Homes

General. As previously defined in this Official Statement, “Lennar Homes” is Lennar Homes of California, Inc., a California corporation. Lennar Homes has been in the business of developing residential real estate communities in California since 1995. Lennar Homes is wholly-owned by U.S. Home Corporation, a Delaware corporation (“**U.S. Home**”). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida. Lennar Corporation, founded in 1954 and publicly traded under the symbol “LEN” since 1971, is one of the nation’s largest home builders, operating under a number of brand names, including Lennar Homes and U.S. Home. Lennar Homes primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which Lennar Homes maintains an interest. Lennar Corporation is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q (which includes a discussion of the impact of the COVID-19 pandemic on Lennar Corporation’s operations as of the date of filing), may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the internet at the SEC’s website at www.sec.gov.

Copies of Lennar Corporation’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation’s website at www.lennar.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Lennar Corporation and Lennar Homes are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter.

Lennar Purchase History. In September 2019, the Master Developer and Lennar Homes of California, Inc., a California corporation (previously defined as “**Lennar Homes**”) entered into a Purchase and Sale Agreement and Joint Escrow Instructions (the “**Lennar 3B PSA**”) for the purchase of 70 lots of Neighborhood 3B (herein, 3B is referred to as the “**Lennar Phase 3B**”). On January 24, 2020, Lennar Homes closed on the purchase of 55 lots of the Lennar Phase 3B. The remaining 15 lots of Lennar Phase 3B, which are in finished lot condition, closed on April 2, 2021 following commencement of remediation of soil within the future Linear Park Trail, which is City-owned property and is adjacent to such lots.

In April 2021, Lennar Homes and the Master Developer entered into a contract (the “**Lennar 4B PSA**”) and together with the Lennar 3B PSA, the “**Lennar PSAs**”) for the purchase of

60 lots in Neighborhood 4B (herein, “**Lennar Phase 4B**”). In May 2021, Lennar Homes closed on the 60 lots of the Lennar Phase 4B.

Lennar Homes Funding In-Tract Improvements. Under the terms of the Lennar PSAs, the Master Developer is required to fund and construct all in-tract improvements associated with the lots being acquired.

Lennar Homes Development Plan. Lennar Homes’ development plan is to construct single-family detached homes on the lots it has acquired. Information on Neighborhood 3B is set forth in the following table. Base prices shown in the table below are as of August 1, 2021. Base sale prices are subject to change, and exclude any lot premiums, buyer selected options and upgrades, and any incentives, selling concessions or price reductions which may be offered.

Table 24a
Neighborhood 3B - Creston
70 Single Family Detached Lots
(as of August 1, 2021)
Typical Lot Size - 3,500 sf

Floor Plan	Square Footage	Total Number of Planned Units	Base Sales Price
Plan 1	2,183	16	\$685,880
Plan 2	2,287	9	714,880
Plan 3	2,351	21	720,880
Plan 4	2,514	24	736,880
Totals		70	

Source: Lennar Homes

Information on Neighborhood 4B is set forth in the following table. The projected initial base prices shown in the table below are as of August 1, 2021. Initial base sales prices may be lower than projected. Base sale prices exclude any lot premiums, buyer selected options and upgrades, and any incentives, selling concessions or price reductions which may be offered.

Table 24b
Neighborhood 4B
60 Single Family Detached Lots
(as of August 1, 2021)
Typical Lot Size - 3,500 sf

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price
Plan 1	2,186	8	\$685,880
Plan 2	2,291	12	714,880
Plan 3	2,371	20	720,880
Plan 4	2,523	20	736,880
Totals		60	

Source: Lennar Homes.

Lennar Homes Status of Development. Trenching for the model homes in Neighborhood 3B commenced on April 27, 2020 and Lennar Homes held a grand opening in October 2020. Lennar Homes intends to utilize the models from Neighborhood 3B to sell Neighborhood 4B and does not anticipate holding a model grand opening in Neighborhood 4B. Set forth below is the status of construction of the homes in Lennar Homes' Creston neighborhood within Neighborhood 3B and Neighborhood 4B, as of August 1, 2021:

Table 25
Lennar Homes Status of Development
Neighborhoods 3B and 4B
(as of August 1, 2021)

	<u>Neighborhood 3B</u>	<u>Neighborhood 4B</u>
Projected Units	70	60
Closed to Homeowners	27	0
Completed Unclosed Homes (including Models) ⁽¹⁾	3	0
Units under Contract to be Sold	30	0
Under Construction ⁽²⁾ (including Models)	[40]	0
Finished or Blue Blue Top Lots	0	60
Building Permits Received	70	0

(1) Includes 3 completed model homes.

(2) Under construction means that a building permit has been issued and the trenching for the foundation has begun.

Source: Lennar Homes.

Lennar Homes anticipates buildout of its property in Neighborhood 3B and Neighborhood 4B by June 2022 and January 2023, respectively. The anticipated buildout is subject to change.

Although the information in this Official Statement reflects the current development expectations of Lennar Homes, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans and at the prices described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Lennar Homes reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See "BOND OWNERS' RISKS – Concentration of Ownership."

Lennar Homes Financing Plan. Lennar Homes intends to finance the development of its property using internal sources (equity and home sales proceeds).

Through August 1, 2021, Lennar Homes has expended approximately \$20,924,317 on its development within Neighborhood 3B, including land acquisition and site development, home building. Lennar Homes anticipates expending an additional \$11,049,889 to complete its development within Neighborhood 3B, including remaining land acquisition, site development, home building, marketing and sales. A summary of the costs incurred and anticipated to be

incurred for the full buildout of the 70 lots within Neighborhood 3B are set forth in the following table:

Table 26a
Lennar Homes Financing Plan
Neighborhood 3B – Creston
(as of August 1, 2021)

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$9,255,146	\$9,255,146	\$0
Site Construction	4,429,646	3,923,695	505,951
Direct Construction	15,815,012	6,674,926	8,840,086
Sales and Marketing	2,474,402	770,550	1,703,852
Total Projected Costs	\$31,974,206	\$20,924,317	\$11,049,889

Source: Lennar Homes.

Through August 1, 2021, Lennar Homes has expended approximately \$11,012,588 on its development within Neighborhood 4B, including land acquisition and site development, home building. Lennar Homes anticipates expending an additional \$18,642,231 to complete its development within Neighborhood 4B, including remaining land acquisition, site development, home building, marketing and sales. A summary of the costs incurred and anticipated to be incurred for the full buildout of the 60 lots within Neighborhood 4B are set forth in the table below:

Table 26b
Lennar Homes Financing Plan
Neighborhood 4B
(as of August 1, 2021)

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$10,650,000	\$10,650,000	\$0
Site Construction	539,000	362,588	176,412
Direct Construction	16,460,329	0	16,460,329
Sales and Marketing	2,005,490	0	2,005,490
Total Projected Costs	\$29,654,819	\$11,012,588	\$18,642,231

Source: Lennar Homes.

Although Lennar Homes expects to have sufficient funds available to complete its development in Improvement Area No. 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Lennar Homes or any other source when needed. Neither Lennar Homes, nor any of its related entities, are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area No. 1. Any contributions by Lennar Homes to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Lennar Homes within

Improvement Area No. 1 and other financing by Lennar Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Lennar Homes in Improvement Area No. 1.

COVID-19 Impact. The development of Lennar Homes' planned development within Improvement Area No. 1 is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities' orders and actions. With housing construction considered an essential function, Lennar Homes has largely continued, with certain modifications, its home construction and sales activities in Improvement Area No. 1 to date. That is, Lennar Homes has been able to sell, complete, obtain inspections for and close homes during such period, and intends to continue its operations to the extent permitted. See "BOND OWNERS' RISKS — Public Health Emergencies" herein.

Lennar Homes cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended shelter in place orders), on its ability to continue to sell and close units within Improvement Area No. 1. Such effects, if and as they arise, could have a material adverse effect on the ability of Lennar Homes to develop its property within Improvement Area No. 1 as planned, and no assurance can be provided that Lennar Homes will be able to (a) complete in whole or in any part, or within any particular time, their planned development within Improvement Area No. 1; (b) avoid material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) close any additional homes or not experience additional purchase contract cancellations, due to in each case public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise.

Brookfield

General. As previously defined in this Official Statement, "Brookfield" is Brookfield Bay Area Holdings LLC, a Delaware limited liability company. Brookfield is an indirect subsidiary of Brookfield Residential Properties Inc. ("**Brookfield Residential**"), a wholly-owned subsidiary of Brookfield Asset Management Inc., which has been developing land and building homes for over 50 years. Brookfield Residential is a North American land developer and homebuilder with operations in Canada and the United States, which entitles and develops land to create master-planned communities and builds and sells lots to third-party builders, as well as to its own homebuilding divisions. Brookfield Residential also participates in select strategic real estate opportunities, including infill projects, mixed-use developments, infrastructure projects and joint ventures. Brookfield Residential currently focuses on the following operating segments: Canada, California, and Central and Eastern United States. Its Canadian operations are primarily in the Alberta and Ontario markets. Brookfield Residential has homebuilding operations in Austin, Calgary, Denver, Edmonton, Hawaii, Los Angeles, Phoenix, San Diego, San Francisco, Toronto, and Washington D.C. Brookfield Residential has been active in the Northern California market since 1997.

Brookfield Residential's operations in Northern California is available at www.brookfieldnocal.com. Copies of Brookfield Residential's financial statements and other information are currently available from Brookfield Residential's website at www.brookfieldresidential.com.

The internet addresses referenced in the paragraphs above are included for reference purposes only and the information on these internet sites are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in

this Official Statement as to the accuracy or adequacy of the information contained on these internet sites.

Brookfield Purchase History. Brookfield is under contract with the Master Developer for the purchase of Neighborhoods 7A and 6A. A non-refundable deposit was made by Brookfield for the purchase of both Neighborhoods. In May 2021, Brookfield closed on Neighborhood 7A (48 units). Brookfield anticipates closing on Neighborhood 6A (60 units) in May 2022.

Brookfield Funding In-Tract Improvements. Except for the landscaping described in the next sentence, under the terms of the purchase and sale agreement with the Master Developer, the Master Developer is required to fund and construct all in-tract improvements associated with the property being acquired. Brookfield will be constructing 14,113 square feet of landscaping strips and common area landscaping at a projected cost of \$209,356 in tandem with vertical home construction.

Brookfield Development Plan. Brookfield's development plan is to construct single-family attached homes on the property it has acquired. Neighborhood 7A is being developed as (i) 22 fee simple side-by-side duets (i.e., units share a common wall), and (ii) 26 stacked duet flats (i.e., units are stacked on top of each other). Information on Neighborhood 7A is set forth in the following table. The projected initial base prices shown in the table below are as of August 1, 2021. Base sale prices are subject to change, and exclude any lot premiums, buyer selected options and upgrades, and any incentives, selling concessions or price reductions which may be offered.

Table 27
Neighborhood 7A
48 Single Family Attached Lots
(as of August 1, 2021)

Floor Plan	Unit Square Footage	Total Number of Planned Units	Projected Base Sales Price
Stacked Flat Plan 1	1,454	10	\$532,000
Stacked Flat Plan 2	2,323	10	\$601,000
Stacked Flat Plan 1X	1,454	3	\$532,000
Stacked Flat Plan 2X	2,206	3	\$594,000
Side-by-Side Duet Plan 1	2,048	11	\$620,000
Side-by-Side Duet Plan 2	2,290	5	\$634,000
Side-by-Side Duet Plan 2X	2,184	6	\$627,000
Totals		48	

Source: Brookfield.

Brookfield Status of Development. Trenching for the model homes in Neighborhood 7A has not yet commenced, but Brookfield [expects to pull its first building permit in September 2021] and hold a grand opening for Neighborhood 7A in March 2022. Set forth below is the status of construction of the homes in Neighborhood 7A as of August 1, 2021:

Table 28
Brookfield Status of Development
Neighborhoods 7A
(as of August 1, 2021)

	<u>Neighborhood 7A</u>
Projected Units	48
Closed to Homeowners	0
Completed Unclosed Homes (including Models)	0
Units under Contract to be Sold	0
Under Construction ⁽¹⁾ (including Models)	0
Finished	
Building Permits Received	0

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.

Source: Brookfield.

Brookfield anticipates pulling four model permits in September 2021 and achieving buildout of its property in Neighborhood 7A by December 2023. The anticipated buildout is subject to change.

Brookfield Financing Plan. Brookfield intends to finance the development of its property using internal sources (equity and home sales proceeds). Through August 1, 2021, Brookfield has expended approximately \$5,960,053 on its development within Neighborhood 7A, including land acquisition and site development, home building, marketing and sales. Brookfield anticipates expending an additional \$17,730,837 to complete its development within Neighborhood 7A, including site development, home building, marketing and sales. A summary of the costs incurred and anticipated to be incurred for the full buildout of the 48 units within Neighborhood 7A are set forth in the table below:

Table 29
Brookfield Financing Plan
Neighborhood 7A
(as of August 1, 2021)

	Total Budget	Costs Incurred Through August 1, 2021	August 1, 2021 through Buildout
Land	\$5,870,880	\$5,870,880	\$ --
Site Construction	111,656	--	111,656
Direct Construction	12,706,736	--	12,706,736
Soft Costs	3,163,219	59,413	3,103,806
Sales and Marketing	1,838,399	29,761	1,808,638
Total Projected Costs	\$23,690,890	\$5,960,053	\$17,730,837

Source: Brookfield.

Although Brookfield expects to have sufficient funds available to complete its development in Improvement Area No. 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Brookfield or any other source when needed. Neither Brookfield, nor any of its related entities, are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area No. 1. Any contributions by Brookfield to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Brookfield within Improvement Area No. 1 and other financing by Brookfield is not put into place, there could be a shortfall in the funds required to complete the planned development by Brookfield in Improvement Area No. 1.

COVID-19 Impact. The development of Brookfield's planned development within Improvement Area No. 1 is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities' orders and actions. With housing construction considered an essential function, Brookfield has largely continued, with certain modifications, its home construction and sales activities in Improvement Area No. 1 to date. That is, Brookfield has been able to sell, complete, obtain inspections for and close homes during such period, and intends to continue its operations to the extent permitted. See "BOND OWNERS' RISKS — Public Health Emergencies" herein.

Brookfield cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended shelter in place orders), on its ability to continue to sell and close units within Improvement Area No. 1. Such effects, if and as they arise, could have a material adverse effect on the ability of Brookfield to develop its property within Improvement Area No. 1 as planned, and no assurance can be provided that Brookfield will be able to (a) complete in whole or in any part, or within any particular time, their planned development within Improvement Area No. 1; (b) avoid material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) close any additional homes or not experience additional purchase contract cancellations, due to in each case public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise.

BOND OWNERS' RISKS

The purchase of the 2021 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2021 Bonds.

Risks of Real Estate Secured Investments Generally

The Bondowners 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 Improvement Area No. 1, the supply of or demand for competitive properties in such area, and the market value of properties and/or sites in the event of sale or foreclosure, (ii) changes in real estate tax rates and other operating

expenses, government rules (including, without limitation, zoning laws and restrictions relating to threatened and endangered species) and fiscal policies, (iii) natural disasters (including, without limitation, earthquakes, subsidence and floods), which may result in uninsured losses, or natural disasters elsewhere in the country or other parts of the world affecting supply of building materials that may cause delays in construction, and (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in Improvement Area No. 1. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Areas No. 1 to pay their Special Taxes when due, and could induce or exacerbate the risks described in “BOND OWNERS’ RISKS – Value to Lien Ratios,” “– Levy and Collection of the Special Tax,” “– Property Tax Delinquencies,” and “– Bankruptcy Delays.”

Public Health Emergencies

The spread of the novel strain of coronavirus called COVID-19 (“**COVID-19**”) is having significant negative impacts throughout the world, including in the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the County, State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been over 34,000 confirmed cases of COVID-19 and over 259 related deaths in the County. Confirmed cases of COVID-19 are growing throughout the State and health officials are expecting the number of confirmed cases to continue to grow. The outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile.

The City initially closed certain non-essential functions of the City, while City Hall and public safety functions remained open to service City residents and businesses. The City’s Community Development Department remained opened and continued to issue building permits and inspect unoccupied dwellings for the lots within the City. Employees of other City Departments that serve businesses and residents within the District telecommuted and/or continued in-person work schedules to meet the needs of the community. City offices have reopened in accordance with County Public Health Guidelines. Other public agencies serving the property and residents within the District may have taken similar actions in response to the COVID-19 pandemic, though the District and the City can provide no assurance regarding the actions of any other public agencies. Such actions may affect the ability of the Master Developer and the Merchant Builders to complete the planned development of their property within Improvement Area No. 1 in the time periods and within cost estimates described in the Official Statement. See “PROPERTY OWNERSHIP AND DEVELOPMENT STATUS.”

The COVID-19 pandemic is ongoing, and the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain. However, the impact of the COVID-19 outbreak could adversely impact development within the District, including, but not limited to, one or more of the following ways: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction where one or more members of the workforce becomes

infected with COVID-19; (iv) continued extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession; (vii) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus to counteract the economic impact of the pandemic; (viii) delays in sales or fewer sales due to lower traffic at model home complexes and real estate offices; and (ix) delays in sales, or cancellations, due to mortgage lending issues. The ultimate adverse impact of COVID-19 on the District, the operations, finances and ability of each of the Master Developer and the Merchant Builders to complete their development within Improvement Area No. 1 as planned, homebuyers' willingness and ability to pay Special Taxes when due, and the real estate market in general is unknown.

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. There could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City, the District, the Master Developer and the Merchant Builders.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2021 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the 2020 Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay Debt Service on the 2021 Bonds. See "SECURITY FOR THE BONDS – Limited Obligation."

In the event that Special Tax Revenues are insufficient to pay debt service on the 2021 Bonds as a result of the matters described above, the District's ability to increase special tax rates is limited as described under "SECURITY FOR THE 2021 BONDS – Special Taxes" and the Fiscal Agent may be compelled to draw upon moneys in the 2020 Reserve Fund, resulting in a rapid depletion of such fund. See "SECURITY FOR THE 2021 BONDS – 2020 Reserve Fund."

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within Improvement Area No. 1 are permitted to prepay the Special Taxes at any time. Any such payments will result in a mandatory redemption of Bonds from Special Tax prepayments on the next Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of any such Special Tax prepayment. Any resulting redemption of 2021 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2021 Bonds. See "THE 2021 BONDS – Redemption – Redemption from Special Tax Prepayments."

Concentration of Property Ownership

Failure of any significant owner of taxable property within Improvement Area No. 1, such as the Master Developer and the Merchant Builders, to pay the annual Special Taxes when due could result in the rapid, total depletion of the 2020 Reserve Fund prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the 2021 Bonds. Further development of property in Improvement Area No. 1 may not occur as currently proposed or at all. See "PROPERTY OWNER AND DEVELOPMENT STATUS" herein for information regarding property ownership and the status of development in Improvement Area No. 1. See also "BOND OWNERS' RISKS – Depletion of 2020 Reserve Fund."

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2021 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area No. 1.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay Debt Service on the 2021 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of Debt Service on the 2021 Bonds, and certainly not a direct relationship.

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

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels. See “—Exempt Properties” below.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “—Property Tax Delinquencies” below.

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2021 BONDS – Covenant to Foreclose” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2021 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the 2020 Reserve Fund is depleted. See “SECURITY FOR THE 2021 BONDS – Covenant to Foreclose.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain

respects with regard to properties in which a federal governmental agency has or obtains an interest. See “– FDIC/Federal Government Interests in Properties” below.

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

COVID-19 (Coronavirus) Pandemic. In response to the coronavirus pandemic, on May 6, 2020, Governor Newsom issued Executive Order N-61-20 (the “**Executive Order**”), waiving penalties and interest on taxes on property on the secured or unsecured roll through May 6, 2021 under certain conditions, including: (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form prescribed by the tax collector, and (iv) the taxpayer demonstrates economic hardship to the satisfaction of the tax collector. The Executive Order may have an effect on the collection of penalties and interest on delinquent Special Taxes and may otherwise affect a property owner’s willingness to pay Special Taxes when due. The City can provide no assurance that additional actions will not be taken by the County, the State, or individual property taxpayers that may have a material adverse impact on the timing of Special Tax collection and the City’s ability to pay Debt Service on the 2021 Bonds when due. See “BOND OWNERS’ RISKS — Public Health Emergencies.”

Property Tax Delinquencies

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

Numerous future delinquencies by the owners of Taxable Property in Improvement Area No. 1 in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay Debt Service on the 2021 Bonds, which could in turn result in the depletion of the 2020 Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. See “SECURITY FOR THE 2021 BONDS – 2020 Reserve Fund,” and “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Potential Consequences of Special Tax Delinquencies.”

Measures to Mitigate Consequences of Continuing Delinquencies. The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see “SECURITY FOR THE 2021 BONDS – Covenant to Foreclose”); and increasing the levy of Special Taxes against non-delinquent property owners in Improvement Area No. 1, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Potential Consequences of Special Tax Delinquencies.”

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

In addition, the City's ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Section 53321(d) of the Act, which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2021 Bonds.

Value to Lien Ratios

Appraised value-to-lien ratios have traditionally been used in land-secured bond issues as a measure of the "collateral" supporting the willingness of property owners to pay their special taxes and assessments (and, in effect, their general property taxes as well). The value-to-lien ratio is mathematically a fraction, the numerator of which is the value of the property as measured by assessed values or appraised values (in this case, the appraised value of taxable property within Improvement Area No. 1 as of August 1, 2021) and the denominator of which is the "lien" of the allocable share of assessment or special tax bonds. A value to lien ratio should not, however, be viewed as a guarantee for credit-worthiness. Land values are sensitive to economic cycles. Assessed values may not reflect the current market value of property. A downturn of the economy or other market factors may depress land values and lower the value-to-lien ratios. Although judicial foreclosure proceedings can be initiated rapidly, the process can take several years to complete, and the bankruptcy courts may impede the foreclosure action. No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and sold for the amount of the delinquency, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. Finally, local agencies may form overlapping community facilities districts or assessment districts. Local agencies typically do not coordinate their bond issuances. Debt issuance by another entity could dilute value to lien ratios.

Risks Related to Homeowners with High Loan to Value Ratios

Any future decline in home values in Improvement Area No. 1 could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

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

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

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

Appraised Values

The Appraisal set forth in Appendix H estimates the market value of the Taxable Property within Improvement Area No. 1. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

The opinion of value assumes a sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion of value is made as of the date of value set forth in the Appraisal, based upon facts and circumstances existing as of the date of value. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the facts and circumstances at the time the Appraisal was prepared.

No assurance can be given that any of the Taxable Property in Improvement Area No. 1 could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

See "APPENDIX H – APPRAISAL REPORT."

Property Values

The value of Taxable Property within Improvement Area No. 1 is a critical factor in determining the investment quality of the 2021 Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, public health emergencies, such as the COVID-19 pandemic, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in Improvement Area No. 1.

Risks Related to Availability of Mortgage Loans. The state of the world-wide capital markets may adversely affect the availability of mortgage loans to homeowners, including potential buyers of homes within Improvement Area No. 1. Any such unavailability could hinder

the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

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

The City, like all northern California communities, is likely to be subject to unpredictable seismic activity, fires, floods or other natural disasters. If there were a severe seismic, flood or fire event or other natural disaster in the City, there could be substantial damage to and interference with the City.

Seismic Activity. The City is located along the eastern edge of the seismically active Coast Ranges of California. Active faults near the City include the Green Valley and Cordelia faults. Most large earthquakes in the Bay Area have occurred along the major faults including the San Andreas, Hayward, and Calaveras faults, which are located 20 to 45 miles west and south of the City.

The closest mapped fault to Improvement Area No. 1 is the Vaca fault zone (not considered active), located within approximately 500 feet of the northwest corner of the project site. The closest active fault displaying surface expression is the Green Valley fault, located approximately 8 miles west of Improvement Area No. 1. The maximum magnitude earthquake (the “**Mmax**”) assumed for the Green Valley fault in this region is 6.8. The Mmax is the maximum earthquake believed possible for the fault.

Flooding Hazards. The District is located in an area of minimal flooding according to FEMA. In particular, Improvement Area No. 1 is located in an area designated by FEMA as being within Zone X, with a 0.02% chance of flooding in any given year.

Fire Hazards. Significant portions of the foothill watershed areas surrounding the City are threatened with wildfire risk, and these areas present a dangerous combination of factors. “Extreme Wildfire Risk Areas,” are those lands where severe burning conditions prevail (chaparral and heavy woodland, steep slopes, poor access, winds). In the City, this includes the hilly areas to the west and northwest, the Cement Hill area, the hills above Green Valley and the hills above Interstate 80 and 680 just south of Cordelia.

Recent Drought. As with much of the State of California, the City experiences recurring drought as a result of its climate conditions. Droughts impact public health and safety related to both water supply and wildfire risk.

As of July 8, 2021, 50 counties in the State are under a drought emergency proclamation by Governor Newsom, including the County. The State reports that climate change-induced earlier than expected warm temperatures and extremely dry soil have further depleted the expected runoff water from the Sierra-Cascade snowpack, resulting in historic and unanticipated reductions in the amount of water flowing to major reservoirs, especially in Klamath River, Sacramento-San Joaquin Delta and Tulare Lake Watershed counties.

According to the State, extraordinarily warm temperatures in April and early May 2021 separate this critically dry year from all others on California record. California experienced an accelerated rate of snow melt in the Sacramento, Feather and American River watersheds, which feed the major reservoirs of the State and federal water projects. This was exacerbated when much of the snowpack, sitting on very dry ground, seeped into the earth rather than flowing into

our rivers and streams and into these reservoirs. Warming temperatures also prompted water diverters below the dams to withdraw their water much earlier and in greater volumes than typical even in other recent critically dry years. These factors reduced expected water supplies by more than 500,000 acre feet, enough to supply up to one million households with water for a year. The drastic reduction in water supplies means these reservoirs are extremely low for water users, including farmers, and fish and wildlife in the counties the drought proclamation covers.

The Governor's proclamation directs the State Water Resources Control Board to consider modifying requirements for reservoir releases and diversion limitations to conserve water upstream later in the year to maintain water supply, improve water quality and protect cold water pools for salmon and steelhead. The state of emergency also enables flexibilities in regulatory requirements and procurement processes to mitigate drought impacts and directs state water officials to expedite the review and processing of voluntary transfers of water from one water right holder to another, enabling available water to flow where it is needed most.

The City cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of taxable property within Improvement Area No. 1, or to what extent the effects the recent drought may have had on economic activity in Improvement Area No. 1.

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

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

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but

from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

There can be no assurance that the discovery, release or classification of additional hazardous substances will not affect the value of Taxable Property in Improvement Area No. 1.

Future Property Development

Continuing development of the parcels in Improvement Area No. 1 may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in Improvement Area No. 1 may also be affected by development in surrounding areas, which may compete with the property in Improvement Area No. 1.

For example, H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (Pub. L. No. 115-97 (2017)) (the “**Tax Act**”). The Tax Act makes significant changes to many aspects of the Tax Code (defined herein). For example, the Tax Act reduces the amount of mortgage interest expense and state local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within Improvement Area No. 1 and could adversely affect the sale of homes by the merchant buildings in Improvement Area No. 1. However, the City cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in Improvement Area No. 1, the rate at which homes in Improvement Area No. 1 are sold to end users by the merchant builders, or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Other Possible Claims Upon the Value of Taxable Property

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

The tables in the sections entitled “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Direct and Overlapping Governmental Obligations” and “– Estimated Tax Burden on Single-Family Homes” show the presently outstanding amount of governmental obligations, the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The tables do not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2021 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2021 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any.

Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy Delays” below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within Improvement Area No. 1 acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE 2021 BONDS – Rate and Method.”

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax.

For ordinances levying special taxes that are adopted after January 1, 2020, the Act also provides that properties receiving a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code at any time are or will become exempt from the Special Tax. Because the Ordinance levying the Special Taxes within Improvement Area No. 1 was adopted before January 1, 2020, the foregoing is not applicable to Improvement Area No. 1.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the FDIC, the Federal National Mortgage Association, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on

the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City 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 City has 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, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2021 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 1 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 the City 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 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 Mello-Roos special taxes.

The City is 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 Improvement Area No. 1 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 2020 Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2021 Bonds.

Depletion of 2020 Reserve Fund

The 2020 Reserve Fund is to be maintained at an amount equal to the 2020 Reserve Requirement for the 2020 Bonds, the 2021 Bonds and any additional 2020-Related Parity Bonds. See "SECURITY FOR THE 2021 BONDS – 2020 Reserve Fund." The 2020 Reserve Fund will be used to pay principal of and interest on the 2020 Bonds and the 2021 Bonds and any other 2020-Related Parity Bonds issued in the future if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within Improvement Area No. 1 of the District. If the 2020 Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds issued in the future under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the 2020 Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2021 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2021 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2021 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2021 Bonds and the possibility of delinquent Special Taxes not being paid in full.

The chances are increased that the 2020 Reserve Fund established for the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds issued in the future could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result,

sufficient moneys would not be available in the 2020 Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2020 Bonds, the 2021 Bonds and any other 2020-Related Parity Bonds issued in the future on a timely basis.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, 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 City's efforts 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 District, or the administration of the 2021 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2021 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the City, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in Improvement Area No. 1 or the lending of money secured by property in Improvement Area No. 1. The Act and the Goals and Policies of the City require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The 2021 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2021 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bond owners similarly situated to pursue certain remedies. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT." So long as the 2021 Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the 2021 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2021 Bonds were issued as a result of future acts or omissions of the

City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2021 Bonds were to become includable in gross income for purposes of federal income taxation, the 2021 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See “THE 2021 BONDS – Redemption.”

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has a program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2021 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2021 Bonds might be affected as a result of such an audit of such 2021 Bonds (or by an audit of similar bonds or securities).

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

Future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2021 Bonds.

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

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

The Special Taxes and the 2021 Bonds were each authorized by not less than a two-thirds vote of the landowners within Improvement Area No. 1 of the District who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the 2021 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

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

For example, in August 2014, the California Court of Appeal, Fourth Appellate District, Division One (the “Court”), issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (“*Shapiro*”) invalidating an election held by the City of San Diego to authorize the levying of special taxes on hotels city-wide pursuant to a city charter ordinance creating a convention center facilities district which specifically defined the electorate to consist solely of (1) the owners of real property in the city on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located. The court held that such landowners and lessees are neither “qualified electors” of the city for purposes of Articles XIII A, Section 4 of the California Constitution, nor a proper “electorate” under Article XIII C, Section 2(d) of the California Constitution. The court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the Act (which was the nature of the voter approval through which the District and Improvement Area No. 1 were formed) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. Accordingly, Shapiro should have no effect on the levy of the Special Taxes by the City because the District had no registered voters at the time of its formation.

The City cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2021 Bonds.

No Ratings – Limited Secondary Market for Bonds

The City has not applied to have the 2021 Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the 2021 Bonds or, if a secondary market exists, that any 2021 Bonds can be sold for any particular price. The 2021 Bonds and beneficial interest therein may be transferred, upon satisfaction for certain conditions and, prior to the 2021 Bond Transfer Restriction Release Date, only to Qualified Institutional Buyers and Institutional Accredited Investors. Such restrictions may limit the marketability of the 2021 Bonds in the secondary market.

Although the City has committed to provide certain financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the 2021

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.

No assurance can be given that the market price for the 2021 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Tax Code), or changes in interpretation of the Tax Code, or any action of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2021 Bonds for audit examination, or the course or result of any IRS audit or examination of the 2021 Bonds or obligations that present similar tax issues as the 2021 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2021 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as Appendix G.

Jones Hall, A Professional Law Corporation, San Francisco, California, has also served as Disclosure Counsel to the City. Richards, Watson and Gershon, San Francisco, California, will pass upon certain legal matters for the City. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. Holland & Knight LLP, San Francisco, California, is serving as counsel to One Lake Holding LLC, the Master Developer.

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2021 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2021 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2021 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2021 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2021 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2021 Bonds who purchase the 2021 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2021 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2021 Bond (said term being the shorter of the 2021 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2021 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2021 Bond is amortized each year over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2021 Bond premium is not deductible for federal income tax purposes. Owners of premium 2021 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2021 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2021 Bonds, or as to the consequences of owning or receiving interest on the 2021 Bonds, as of any future date. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2021 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to

the 2021 Bonds, the ownership, sale or disposition of the 2021 Bonds, or the amount, accrual or receipt of interest on the 2021 Bonds.

No Litigation

At the time of delivery of the 2021 Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or threatened, which:

- in any way questions the powers of the City Council or the City or the District, or
- in any way questions the validity of any proceeding taken by the City Council in connection with the issuance of the 2021 Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2021 Bonds, or
- which, in any way, could adversely affect the validity or enforceability of the resolutions of the City Council adopted in connection with the formation of the District and Improvement Area No. 1 or the issuance of the 2021 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2021 Bonds, or
- to the knowledge of the City, in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2021 Bonds for federal income tax purposes, or
- in any other way questions the status of the 2021 Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The City. The City will covenant for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to Improvement Area No. 1 and the 2021 Bonds by not later than nine months after the end of the City's fiscal year (currently March 31 based on the District's fiscal year end of June 30) (the "**Annual Report**"), commencing March 31, 2022, and to provide notices of the occurrence of certain listed events.

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

The City previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. The City has not failed to comply in all material aspects with any previous undertakings with regard to the Rule in the past five years.

Any failure by the City to comply with the provisions of its undertaking will not constitute a default under the Fiscal Agent Agreement (although owners of the 2021 Bonds will have any remedy available at law or in equity as provided in the undertaking). Nevertheless, a failure to comply must be reported in accordance with the Rule. Such a failure may adversely affect the transferability and liquidity of the 2021 Bonds.

To ensure compliance with its continuing disclosure undertakings under the Rule in the future, the City has appointed the City's Finance Director to coordinate the preparation and filing

of annual disclosure reports in accordance with the City's disclosure undertakings and has adopted policies and procedures related thereto. The City has also engaged Willdan Financial Services to serve as its dissemination agent and assist the City in complying with its continuing disclosure undertakings.

Master Developer. The Master Developer will covenant in a continuing disclosure certificate, the form of which is set forth in Appendix F to this Official Statement (the "**Property Owner Continuing Disclosure Certificate**"), for the benefit of holders and beneficial owners of the 2021 Bonds, to provide certain information relating to itself and the status of its property within Improvement Area No. 1 on a semi-annual basis, beginning on April 30, 2022 and to provide notices of the occurrence of certain enumerated events. See "APPENDIX F – FORM OF MASTER DEVELOPER AND MERCHANT BUILDERS CONTINUING DISCLOSURE CERTIFICATE."

The Master Developer is not an obligated person as defined under the Rule.

The obligations of the Master Developer under its Property Owner Continuing Disclosure Certificate will terminate when the property owned by it within Improvement Area No. 1 is no longer obligated to pay 15% or more of the Special Taxes within Improvement Area No. 1.

The Property Owner Continuing Disclosure Certificate will be the second undertaking by the Master Developer. The first undertaking was in association with the 2020 Bonds, and the Master Developer is in compliance with that undertaking.

Tri Pointe. Tri Pointe will covenant in a Property Owner Continuing Disclosure Certificate, the form of which is set forth in Appendix F to this Official Statement, for the benefit of holders and beneficial owners of the 2021 Bonds, to provide certain information relating to itself and the status of its property within Improvement Area No. 1 on a semi-annual basis, beginning on April 30, 2022, and to provide notices of the occurrence of certain enumerated events. See "APPENDIX F – FORM OF MASTER DEVELOPER AND MERCHANT BUILDERS CONTINUING DISCLOSURE CERTIFICATE."

Tri Pointe is not an obligated person as defined under the Rule.

The obligations of Tri Pointe under its Property Owner Continuing Disclosure Certificate will terminate when the property owned by it within Improvement Area No. 1 is no longer obligated to pay 15% or more of the Special Taxes within Improvement Area No. 1.

Tri Pointe has represented in a certificate that to the actual knowledge of the signatory for Tri Pointe, within the past five years, Tri Pointe has not failed to comply in any material respects with previous continuing disclosure undertakings by it to provide periodic continuing disclosure reports or notices of material events with respect to assessment district or community facilities district financings in California.

Lennar Homes. Lennar Homes will covenant in a Property Owner Continuing Disclosure Certificate, the form of which is set forth in Appendix F to this Official Statement, for the benefit of holders and beneficial owners of the 2021 Bonds, to provide certain information relating to itself and the status of its property within Improvement Area No. 1 on a semi-annual basis, beginning on April 30, 2022, and to provide notices of the occurrence of certain enumerated events. See "APPENDIX F – FORM OF MASTER DEVELOPER AND MERCHANT BUILDERS CONTINUING DISCLOSURE CERTIFICATE."

Lennar Homes is not an obligated person as defined under the Rule.

The obligations of Lennar Homes under its Property Owner Continuing Disclosure Certificate will terminate when the property owned by it within Improvement Area No. 1 is no longer obligated to pay 15% or more of the Special Taxes within Improvement Area No. 1.

Lennar Homes has represented in a certificate that to the actual knowledge of the signatory for Lennar Homes, other than as disclosed in this Official Statement, in the last five years, Lennar Homes has not failed to comply in any material respects with its previous continuing disclosure undertakings, specifically regarding its requirement to provide developer periodic reports or to provide notice of occurrence of enumerated events. However, (i) in connection with a continuing disclosure obligation entered into with respect to the \$12,850,000 County of El Dorado District No. 2014-1 (Carson Creek) Special Tax Bonds Series 2016, Lennar Homes was late in filing the periodic reports due on April 1, 2017 and October 1, 2017; the oversight was discovered in late January, 2018, and Lennar Homes promptly filed a curative report on February 1, 2018; and (ii) in connection with the \$16,780,000 California Municipal Finance Authority Special Tax Revenue Bonds BOLD Program Series 2020B, Lennar Homes inadvertently failed to file the initial semi-annual report by the due date of May 1, 2021, but filed a curative report on May 21, 2021

Brookfield. Brookfield will covenant in a Property Owner Continuing Disclosure Certificate, the form of which is set forth in Appendix F to this Official Statement, for the benefit of holders and beneficial owners of the 2021 Bonds, to provide certain information relating to itself and the status of its property within Improvement Area No. 1 on a semi-annual basis, beginning on April 30, 2022, and to provide notices of the occurrence of certain enumerated events. See “APPENDIX F – FORM OF MASTER DEVELOPER AND MERCHANT BUILDERS CONTINUING DISCLOSURE CERTIFICATE.”

Brookfield is not an obligated person as defined under the Rule.

The obligations of Brookfield under its Property Owner Continuing Disclosure Certificate will terminate when the property owned by it within Improvement Area No. 1 is no longer obligated to pay 15% or more of the Special Taxes within Improvement Area No. 1.

Brookfield has represented in a certificate that to the actual knowledge of the signatory for Brookfield, within the past five years, Brookfield has not failed to comply in any material respects with previous continuing disclosure undertakings by it to provide periodic continuing disclosure reports or notices of material events with respect to assessment district or community facilities district financings in California.

NO RATING

The City has not obtained a credit rating on the 2021 Bonds. Nothing should be assumed from any credit rating that the City may obtain for other purposes. Prospective purchasers of the 2021 Bonds are required to make independent determinations as to the credit quality of the 2021 Bonds and their appropriateness as an investment.

UNDERWRITING

The 2021 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2021 Bonds (\$_____), plus original issue premium of \$_____, less an Underwriter's discount of \$_____).

The purchase agreement relating to the 2021 Bonds provides that the Underwriter will purchase all of the 2021 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2021 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the 2021 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2021 Bonds. Those professionals include the Underwriter, Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriter's Counsel, PFM Financial Advisors LLC, as municipal advisor, Goodwin Consulting Group, Inc., as special tax consultant, and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent.

EXECUTION

The execution and delivery of the Official Statement by the City have been duly authorized by the City Council, acting as the legislative body of the District.

CITY OF FAIRFIELD

By: _____
Emily Combs
Finance Director

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF FAIRFIELD AND SOLANO COUNTY

*The following information concerning the City of Fairfield (the "**City**") and Solano County (the "**County**") are included only for the purpose of supplying general information regarding the community. The 2021 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

General

The City, which comprises approximately 37 square miles, is located in the County approximately 44 miles northeast of San Francisco and 42 miles west of Sacramento. The City is served by Interstate 80, the major freeway link between San Francisco and Sacramento, as well as Highway 12, a connecting freeway from Interstate 80 to Napa Valley.

Historically, the City's economy has been based upon agriculture and related industries; the City has served as a commerce center for agriculture in its region for over 100 years. In recent years, the City has transformed its economic base as a result of significant residential, industrial and commercial building activity occurring over the past several years. The City has been proactive in providing commercial/industrial development opportunities, and has formed several assessment districts to finance public improvements required by new projects. This rapid expansion in manufacturing, logistics, warehousing and distribution has led to substantial growth in population and employment.

Another major contributor to the City's economy is Travis Air Force Base, the largest employer of both the City and the County. As of September 30, 2019 (the date of Travis Air Force Base's latest economic impact report), the partnership between Travis Air Force Base and the County generated 12,864 indirect jobs, totaling an estimated annual dollar value of \$326,626,768. Travis Air Force Base also awarded more than \$211 million worth of contracts to local businesses for work on construction, operations and maintenance of base infrastructure projects.

Municipal Government

The City was incorporated in 1892 and operates under a council/manager form of government. All municipal departments operate under the supervision of the City Manager. The City Council consists of a Mayor elected at large for a four-year term and four other Council members elected at large for overlapping four-year terms.

Population

The Fairfield area experienced significant growth over the 1980's. The population of the City was 58,099 as of the 1980 census. By January 1, 1990 the population of the City was estimated to be 77,211, a percentage increase of approximately 33% over this ten-year period. Further growth occurred during the 1990's, when the population grew another 25% over this ten-year period. From 2000 to 2010, the population continued to expand, increasing by approximately 9.5% over that period.

Population estimates for calendar years 1980, 1990, 2000, 2010, and the past five years in the City, the County, and the State are shown in the following table.

CITY OF FAIRFIELD, COUNTY OF SOLANO AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 1980, 1990, 2000, 2010, and 2016 through 2021

<u>Year</u>	<u>City of Fairfield</u>	<u>Solano County</u>	<u>State of California</u>
1980	58,099	235,203	23,668,562
1990	77,211	339,471	29,758,213
2000	96,178	394,930	33,873,086
2010	105,321	413,344	37,253,956
2016	112,961	430,315	39,103,587
2017	115,151	435,186	39,352,398
2018	116,067	436,813	39,519,535
2019	116,885	438,205	39,605,361
2020	117,553	439,211	39,648,938
2021	118,005	438,527	39,466,855

Source: State Department of Finance estimates.

Employment and Industry

The unemployment rate in the County was 7.2% in May 2021, down from a revised 7.5% in April 2021, and below the year-ago estimate of 14.5%. This compares with an unadjusted unemployment rate of 7.5% for the State and 5.5% for the nation during the same period.

The table below shows the Vallejo-Fairfield Metropolitan Statistical Area's labor patterns during 2016 through 2020. As a result of the COVID-19 pandemic, the unemployment rate in the County may increase above these levels and the increase may be significant.

VALLEJO-FAIRFIELD METROPOLITAN STATISTICAL AREA (SOLANO COUNTY) Civilian Labor Force, Employment and Unemployment (Annual Averages) (March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force ⁽¹⁾	207,300	208,100	209,100	208,100	202,800
Employment	195,800	198,100	200,800	200,100	183,600
Unemployment	11,400	10,000	8,300	8,000	19,200
Unemployment Rate	5.5%	4.8%	4.0%	3.8%	9.5%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,800	1,700	1,700	1,500	1,500
Mining and Logging	500	500	600	500	400
Construction	10,300	10,400	11,200	12,300	10,900
Manufacturing	11,900	12,400	12,700	12,500	12,300
Wholesale Trade	4,100	4,300	4,400	4,400	4,200
Retail Trade	18,600	18,700	18,700	17,800	16,700
Trans., Warehousing, Utilities	4,500	4,500	4,800	4,800	4,900
Information	1,100	1,100	1,100	1,200	900
Finance and Insurance	3,600	3,600	3,600	3,400	3,300
Professional and Business Services	9,200	9,500	10,100	10,200	9,400
Educational and Health Services	26,600	27,700	28,400	29,000	28,500
Leisure and Hospitality	15,100	15,200	15,600	16,100	12,300
Other Services	4,100	4,300	4,500	4,700	4,000
Federal Government	3,700	3,700	3,500	3,600	3,700
State Government	5,300	5,300	5,300	5,400	5,400
Local Government	16,200	16,100	16,000	15,800	14,500
Total all Industries ⁽³⁾	138,000	140,400	143,700	144,800	134,400

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

Employment in the City area traditionally is centered around food processing, financial and service employees and the public sector. The following table lists some of the largest employers located within the City.

CITY OF FAIRFIELD Largest Employers June 30, 2020

Employer Name	Type	Jobs
Travis Air Force Base	Military Base	13,414
County of Solano	Government	2,633
Fairfield-Suisun Unified School District	Education	2,213
Northbay Medical Center	Hospital	1,969
Solano Community College	Education	750
City of Fairfield	Government	571
Partnership Health Plan	Healthcare Group	561
Jelly Belly Candy Co.	Candy & Confections	489
Sutter Regional Medical Foundation	Insurance	475
Westamerica Bancorporation	Banking	418

Source: City of Fairfield Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the calendar years 2017 through 2021.

EFFECTIVE BUYING INCOME For Calendar Years 2017 Through 2021

Year and Area		Total Effective Buying Income (000s omitted)	Median Household Effective Buying Income
<u>2017</u>	City of Fairfield	\$2,814,985	\$61,501
	County of Solano	11,370,811	60,401
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
<u>2018</u>	City of Fairfield	\$2,968,591	\$63,262
	County of Solano	11,739,608	61,626
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
<u>2019</u>	City of Fairfield	\$3,459,326	\$69,626
	County of Solano	13,210,567	67,406
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
<u>2020</u>	City of Fairfield	\$3,629,583	\$72,398
	County of Solano	13,974,039	69,762
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
<u>2021</u>	City of Fairfield	\$3,956,297	\$78,067
	County of Solano	14,937,066	74,976
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable transactions in the City during calendar year 2020 were reported to be \$1.9 billion, a 7.26% decrease below the total taxable transactions of \$2.1 billion reported during calendar year 2019.

CITY OF FAIRFIELD
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(\$000s)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	1,489	\$1,374,043	2,322	\$1,909,699
2017	1,550	1,396,811	2,390	1,924,718
2018	1,594	1,360,463	2,528	1,992,380
2019	1,631	1,327,134	2,610	2,058,847
2020	1,786	1,263,571	2,876	1,909,404

Source: State Department of Tax and Fee Administration.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable transactions in the County during calendar year 2020 were reported to be \$8.20 billion, a 0.63% decrease below the total taxable transactions of \$8.25 billion reported during calendar year 2019.

SOLANO COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(\$000s)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	8,042	\$4,851,514	9,408	\$7,192,098
2017	8,212	5,051,330	9,627	7,579,125
2018	8,412	5,223,911	10,255	7,881,172
2019	8,490	5,269,581	10,539	8,247,072
2020	8,996	5,468,922	11,553	8,195,298

Source: State Department of Tax and Fee Administration.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years.

CITY OF FAIRFIELD Total Building Permit Valuations (Valuations in Thousands)*

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$57,186.4	\$67,690.1	\$88,152.2	\$111,515.6	\$125,040.2
New Multi-family	9,554.0	0.0	0.0	35,889.3	67,956.5
Res. Alterations/Additions	<u>13,562.5</u>	<u>9,124.3</u>	<u>1,606.6</u>	<u>14,254.4</u>	<u>7,671.8</u>
Total Residential	80,302.9	76,814.4	89,758.8	161,659.3	200,668.5
New Commercial	23,764.8	10,569.3	5,360.0	18,027.1	15,751.2
New Industrial	29,296.8	9,366.0	22,422.0	5,854.5	27,440.0
New Other	2,406.5	1,427.2	1,446.0	2,394.6	610.6
Com. Alterations/Additions	<u>15,701.2</u>	<u>26,955.5</u>	<u>13,868.8</u>	<u>31,272.5</u>	<u>12,849.4</u>
Total Nonresidential	71,169.3	48,318.0	43,096.8	57,548.7	56,651.2
<u>New Dwelling Units</u>					
Single Family	200	267	314	450	411
Multiple Family	<u>63</u>	<u>0</u>	<u>0</u>	<u>56</u>	<u>471</u>
TOTAL	263	267	314	456	882

*Subtotals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SOLANO Total Building Permit Valuations (Valuations in Thousands)*

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$251,088.8	\$218,841.3	\$232,672.8	\$295,149.8	\$268,545.4
New Multi-family	9,554.0	6,071.7	13,980.0	35,889.3	98,968.6
Res. Alterations/Additions	<u>47,072.6</u>	<u>55,571.1</u>	<u>63,699.2</u>	<u>69,033.4</u>	<u>36,717.8</u>
Total Residential	307,715.4	280,484.1	310,352.0	400,072.5	404,231.8
New Commercial	53,048.9	68,646.0	32,432.1	99,650.4	52,595.3
New Industrial	45,365.3	16,795.2	32,148.5	7,350.2	29,922.0
New Other	19,960.9	48,815.2	18,416.3	20,518.4	18,403.6
Com. Alterations/Additions	<u>68,781.9</u>	<u>92,542.8</u>	<u>59,836.0</u>	<u>79,382.4</u>	<u>71,558.4</u>
Total Nonresidential	187,157.0	226,799.2	142,832.9	206,901.4	172,479.3
<u>New Dwelling Units</u>					
Single Family	873	845	962	1,147	981
Multiple Family	<u>63</u>	<u>51</u>	<u>140</u>	<u>56</u>	<u>716</u>
TOTAL	936	896	1,102	1,203	1,697

*Subtotals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD
COMMUNITY FACILITIES DISTRICT NO. 2019-1
(ONE LAKE)**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2021 Bonds, payment of principal, interest and other payments on the 2021 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

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

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX E

FORM OF CITY CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

**[\$[PAR]
IMPROVEMENT AREA NO. 1 OF THE
CITY OF FAIRFIELD
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE)
SPECIAL TAX BONDS, SERIES 2021A**

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Fairfield (the "City") in connection with the issuance of the bonds captioned above (the "2021 Bonds"). The 2021 Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of July 1, 2020, as supplemented by a First Supplement to Fiscal Agent Agreement dated as of October 1, 2021 (as so supplemented, the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon, N.A., as fiscal agent (the "Fiscal Agent"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2021 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

"*Dissemination Agent*" means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*District*" means the City of Fairfield Community Facilities District No. 2019-1 (One Lake).

"*Official Statement*" means the final Official Statement dated _____, 2021, executed by the City in connection with the issuance of the 2021 Bonds.

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

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

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2021 Bonds required to comply with the Rule in connection with offering of the 2021 Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for the 2020-21 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

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

(c) With respect to each Annual Report, the Dissemination Agent shall:

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

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

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

(a) The City's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY OR THE DISTRICT, OTHER THAN SPECIAL TAX REVENUES FROM IMPROVEMENT AREA

NO. 1 OF THE DISTRICT, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2021 BONDS, AND NEITHER THE CITY NOR THE DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY OR THE DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2021 BONDS.

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

(i) Total assessed value (per the Solano County Assessor's records) of all parcels currently subject to the Special Tax within Improvement Area No. 1 of the District, showing the total secured assessed valuation for all property subject to the Special Tax, substantially in the form of Table 6.

(ii) The total dollar amount of delinquencies, if any, in Improvement Area No. 1 of the District as of August 1 of the prior calendar year and, if the total delinquencies within Improvement Area No. 1 of the District as of August 1 in the prior calendar year exceed 5% of the Special Tax for the previous fiscal year, delinquency information for each parcel responsible for more than \$5,000 in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(iii) The amount of prepayments of the Special Tax for the prior Fiscal Year.

(iv) An updated table in substantially the form of the table in the Official Statement entitled "Table 7, Expected Maximum Special Tax at Buildout and Value-to-Debt Ratios as of August 1, 2021," as shown on the Solano County Assessor's last equalized tax roll prior to the September next preceding the Annual Report Date. Notwithstanding the appraised values of property within Improvement Area No. 1 in Table 7 of the Official Statement, the City shall be under no obligation to provide updated tables in the form of such table based on updated appraised values of such property.

(v) The principal amount of the 2021 Bonds outstanding and the balance in the 2020 Reserve Fund (along with a statement of the 2020 Reserve Requirement) as of the September 30 next preceding the Annual Report Date, including the issuance date and principal amount of any additional bonds or obligations issued under the Fiscal Agent Agreement on a parity with the 2021 Bonds.

(vi) An updated table in substantially the form of the table in the Official Statement entitled "Table 8, Appraised Values and Value-to-Debt Ratios Based on 2020 Bonds and 2021 Bonds Allocated by Value-to-Debt Category" based upon the assessed values within Improvement Area No. 1 as reflected in the most recent equalized tax roll prior to the September next preceding the Annual Report Date and solely with respect to Improvement Area No. 1. Notwithstanding the appraised values of property within Improvement Area No. 1 in Table 8 of the Official Statement, the City shall be under no obligation to provide updated tables in the form of such table based on updated appraised values of such property.

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

(viii) A description of the number of building permits issued with respect to the District of the previous June 30.

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

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

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

Section 5. Reporting of Listed Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on Debt Service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2021 Bonds, or other material events affecting the tax status of the 2021 Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.

- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the obligated person, or the sale of all or substantially all of the assets of the obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person any of which reflect financial difficulties.

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

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2021 Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2021 Bonds. If such termination occurs prior to the final maturity of the 2021 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Willdan Financial Services. Any Dissemination Agent may resign by providing 30 day's prior written notice to the City.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2021 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2021 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2021 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2021 Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2021 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Property Owner, the Fiscal Agent, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2021 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2021 Bonds, and shall create no rights in any other person or entity.

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

Date:

CITY OF FAIRFIELD

By: _____
City Manager

AGREED AND ACCEPTED:
WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

FORM OF MASTER DEVELOPER AND MERCHANT BUILDERS DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE (Property Owner – _____)

\$[PAR] IMPROVEMENT AREA NO. 1 OF THE CITY OF FAIRFIELD COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE) SPECIAL TAX BONDS, SERIES 2021A

This Continuing Disclosure Certificate (Property Owner – _____) (this “Disclosure Certificate”) is executed and delivered by _____ (the “Property Owner”), in connection with the issuance by the City of Fairfield (the “City”) of the bonds captioned above (the “Bonds”) for and on behalf of the City of Fairfield Community Facilities District No. 2019-1 (One Lake) (the “District”) with respect to its Improvement Area No. 1. The Bonds are being issued under a Fiscal Agent Agreement dated as of July 1, 2020, as supplemented by a First Supplement to Fiscal Agent Agreement dated as of October 1, 2021 (as so supplemented, the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”). The Property Owner covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the Bonds.

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

“*Affiliate*” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Property Owner, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Property Owner’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“*Assumption Agreement*” means an undertaking of a Major Owner, for the benefit of the holders and beneficial owners of the Bonds, containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the property in Improvement Area No. 1 acquired by the Major Owner), whereby such Major Owner agrees to provide semi-annual reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in Improvement Area No. 1 owned by such Major Owner and, at the option of the Property Owner or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 12 hereof.

“*Dissemination Agent*” means the Property Owner or an entity experienced in providing dissemination agent services such as those required under this Disclosure Certificate designated by the Property Owner to serve as the Dissemination Agent hereunder and who has accepted

such obligation in writing, and for which the Property Owner has filed with the City and the Participating Underwriter notice of such designation and acceptance.

“Improvement Area No. 1” means Improvement Area No. 1 of the City of Fairfield, Community Facilities District No. 2019-1 (One Lake).

“Official Statement” means the final Official Statement dated _____, 2021, executed by the City in connection with the issuance of the Bonds.

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

“Major Owner” means, as of any date of calculation, an owner of land in Improvement Area No. 1 responsible in the aggregate for 15% or more of the Special Taxes actually levied or to be levied at any time during the then-current or next fiscal year.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds.

“Property” means (i) the property owned by the Property Owner in Improvement Area No. 1 of the District, and (ii) the property in Improvement Area No. 1 of the District that the Property Owner sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 7(b) with respect to such property.

“Report Date” means (a) October 31 of each year, and (b) April 30 of each year.

“Semi-Annual Report” means any Semi-Annual Report provided by the Property Owner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes levied by the District on the Property.

Section 3. Provision of Semi-Annual Reports.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall, or upon written direction of the Property Owner the Dissemination Agent shall, not later than the Report Date, commencing April 30, 2022, provide to the MSRB, in an electronic format as prescribed by the MSRB, a Semi-Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the then Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Property Owner shall provide the Semi-Annual Report to the Dissemination Agent (if different from the Property Owner). The Property Owner shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent (if different from the Property Owner), the Participating Underwriter and the City to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the City may conclusively rely upon such certification of the Property Owner and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is not the Property Owner and it does not receive a Semi-Annual Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Property Owner that the Semi-Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Property Owner to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Property Owner does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

(c) The Dissemination Agent shall:

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

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

Section 4. Content of Semi-Annual Reports. Each Semi-Annual Report shall contain or incorporate by reference the information set forth in Exhibit A, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Property Owner or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Property Owner shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Semi-Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Property Owner and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Property Owner;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by the Property Owner upon discovery thereof;

(iii) filing of a lawsuit against the Property Owner or, if known, an Affiliate of the Property Owner, seeking damages which, if successful, could have a material and adverse impact

on the Property Owner's ability to pay Special Taxes prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Property Owner that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event, the Property Owner shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Property Owner determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Property Owner shall, or shall cause the Dissemination Agent to, within 10 business days file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

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

Section 7. Duration of Reporting Obligation.

(a) All of the Property Owner's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as the Property in Improvement Area No. 1 of the District owned by the Property Owner is no longer responsible for payment of 15% or more of the Special Taxes, or

(iii) the date on which the Property Owner prepays in full all of the Special Taxes attributable to the Property.

The Property Owner shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a person or entity that, upon such conveyance, will be a Major Owner, the obligations of the Property Owner hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner and the Property Owner's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance substantially similar to this Disclosure Agreement. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the property conveyed to such Major Owner will become subject to future semi-annual reports.

Section 8. Dissemination Agent. The Property Owner may, from time to time, with the written consent of the City, appoint or engage a Dissemination Agent to assist the Property Owner in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with the written consent of the City, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be _____. The Dissemination Agent may resign by providing 30 days' written notice to the District, the Property Owner, the City, and the Participating Underwriter.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Property Owner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, or change in law;

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Property Owner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct or failure to perform its duties hereunder. If the Dissemination

Agent is not the Property Owner, the Dissemination Agent shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Fiscal Agent Agreement in accordance with the Dissemination Agent's schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Property Owner, the Participating Underwriter, the Bond owners, or any other party. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by regular, overnight, or electronic mail as follows:

To the issuer:	City of Fairfield 1000 Webster Street Fairfield, CA 94533 Fax: (707) 728-7621 ecombs@fairfield.ca.gov
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, Suite 3700 San Francisco, CA 94104 emckean@stifel.com
To the Property Owner:	

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Property Owner (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Property Owner hereunder shall be assumed by any legal successor to the obligations of the Property Owner as a result of a sale, merger, consolidation or other reorganization.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date:

[PROPERTY OWNER],
a _____

By: _____

Title: _____

EXHIBIT A

SEMI-ANNUAL REPORT

[APRIL 30, ____ / OCTOBER 31, ____]

[\$[PAR]

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF FAIRFIELD**

**COMMUNITY FACILITIES DISTRICT NO. 2019-1 (ONE LAKE)
SPECIAL TAX BONDS, SERIES 2021A**

This Semi-Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Property Owner – _____) (the “Disclosure Certificate”) dated as of _____, 2021, executed by the undersigned (the “Property Owner”) in connection with the issuance by the City of Fairfield (the “City”) of the bonds captioned above (the “Bonds”) for Improvement Area No. 1 of its Community Facilities District No. 2019-1 (One Lake) (the “District”).

Capitalized terms used in this Semi-Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the Report Date of this Semi-Annual Report).

A. Description of the Property currently owned by the Property Owner in Improvement Area No. 1 of the District (the “Property”): in substance and form similar to such information in the Official Statement for the Bonds.

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in Improvement Area No. 1 by the Property Owner or sales of land to other property owners (other than individual homeowners).

II. Legal and Financial Status of Property Owner

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any material change in the legal structure of the Property Owner or the financial condition and financing plan of the Property Owner that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement. To the extent that the ownership of the Property Owner has changed, describe all material terms of the new ownership structure.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

IV. Change in Relationship with Merchant Builders

To the extent a relationship exists between the Property Owner and a merchant builder, describe any material change in such relationship with respect to the construction, marketing and sale of homes within Improvement Area No. 1. To the extent that a new merchant builder has been engaged to carry out home construction, marketing and sales activity by the Property Owner in Improvement Area No. 1, fully describe all material terms of the relationship between the Property Owner and any such new merchant builder.

V. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Property Owner or the Property contained in the Official Statement under the heading [For the Master Developer: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS" (other than under the captions "Tri Pointe," "Lennar Homes" and "Brookfield"); For Tri Pointe: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Tri Pointe"; for Lennar: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Lennar Homes" and for Brookfield: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Brookfield"] that would materially and adversely interfere with the Property Owner's ability to develop and sell the Property as described in the Official Statement.

VI. Status of Tax Payments

Describe status of payment of taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property owned by the Property Owner and its Affiliates.

VII. Other Material Information

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

Certification

On behalf of the Property Owner, the undersigned officer or representative, based on actual knowledge after reasonable inquiry of employees of Property Owner and its affiliates, hereby certifies that this Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by the Property Owner under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE PROPERTY OWNER, THE DEVELOPMENT OF THE PROPERTY, THE PROPERTY OWNER'S FINANCING PLAN OR FINANCIAL CONDITION, OTHER THAN STATEMENTS MADE BY THE PROPERTY OWNER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE PROPERTY OWNER. THE PROPERTY OWNER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE PROPERTY OWNER HAS NO OBLIGATION TO UPDATE THIS SEMI-ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

a _____

Name: _____

Title: _____

APPENDIX G
FORM OF OPINION OF BOND COUNSEL

APPENDIX H
APPRAISAL REPORT

APPENDIX I

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP