Jones Hall Draft of Dec. 8, 2025

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER [17], 2025

NEW ISSUE-FULL – BOOK ENTRY **NOT RATED**

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$10,000,000*
CITY OF RANCHO CORDOVA
ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2026

Dated: Date of Delivery **Due: September 1, as shown on inside cover**

Authority for Issuance. The above-captioned bonds (the "Bonds") are being issued by the City of Rancho Cordova (the "City") by and through Improvement Area No. 2 (the "Improvement Area No. 2") of the City of Rancho Cordova Arista Del Sol Community Facilities District No. 2022-1 (the "District"). The Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Mello-Roos Act"), and are issued pursuant to a Fiscal Agent Agreement, dated as of January 1, 2026 (the "Fiscal Agent Agreement") by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). See "THE BONDS – Authority for Issuance."

Security and Sources of Payment. The Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) consisting of Special Taxes levied on property within Improvement Area No. 2 according to a rate and method of apportionment of special tax described herein, including from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes (as defined herein), and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. The taxable real property within Improvement Area No. 2 consists of parcels under development into 215 single-family residential homes. Unpaid Special Taxes are secured by a lien on applicable taxable lots, and do not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 2. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay such Special Tax even though financially able to do so. To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent installments, the City will establish a Reserve Fund from Bond proceeds, as described herein. See "SECURITY FOR THE BONDS."

Property in Improvement Area No. 2 subject to the Special Tax is comprised of land in the City of Rancho Cordova, Sacramento County, California, currently being developed as 215 single-family homes in three neighborhoods by merchant homebuilders Woodside Homes, Richmond American Homes, and Beazer Homes. The development is "phase 2" of a larger development being undertaken by Woodside [and Richmond American] in the City, with model homes open and home construction and marketing underway. See "IMPROVEMENT AREA NO. 2" and "OWNERSHIP OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2."

Use of Proceeds. The Bonds are being issued to (i) construct and acquire certain public facilities, including payment of fees related to public facilities, authorized for the District and Improvement Area No. 2; (ii) provide for a deposit into the debt service reserve fund for the Bonds; (iii) pay capitalized interest on the Bonds through and including September 1, 2026; and (iv) pay the costs of issuance of the Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026. The Bonds will be issued in the denomination of $5,000 or integral multiples of $5,000 in excess thereof. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. See "THE BONDS – Description of the Bonds" and "APPENDIX G – DTC and the Book-Entry Only System."

Redemption. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption."

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AND CERTAIN OTHER FUNDS AND AMOUNTS HELD BY THE FISCAL AGENT UNDER THE FISCAL AGENT AGREEMENT. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "BOND OWNERS' RISKS," SHOULD BE READ IN ITS ENTIRETY.

MATURITY SCHEDULE
(see inside cover)

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

The Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel, and subject to certain other conditions. Jones Hall also serves as disclosure counsel to the City. Certain matters will be passed upon for the City by Meyers Nave, A Professional Law Corporation, Sacramento, California, as City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about January 14, 2026*.

[PIPER LOGO]

The date of this Official Statement is: _________, 2025.

* Preliminary; subject to change.

MATURITY SCHEDULE

$__________ Serial Bonds
(Base CUSIP†: _______)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† ( )

$________ _____% Term Bond due September 1, ____, Yield: _____%, Price: _____%;
CUSIP† _____

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Fiscal Agent or the Underwriter take any responsibility for the accuracy of the CUSIP data.

CITY OF RANCHO CORDOVA

City Council

Siri Pulipati, *Mayor*
Garrett Gatewood, *Vice Mayor*
Linda Budge, *Councilmember*
David M. Sander, Ph.D., *Councilmember*
Joe Little, *Councilmember*

Staff

Micah Runner, *City Manager*
Kim Juran-Karageorgiou, *Administrative Services Director*
Stacy Leitner, *City Clerk*
Adam Lindgren of Meyers Nave, A Professional Law Corporation, *City Attorney*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Jones Hall LLP
San Mateo, California

Municipal Advisor
NHA Advisors, LLC
San Rafael, California

Special Tax Consultant
Goodwin Consulting Group, Inc.
Sacramento, California

Appraiser
Integra Realty Resources
Sacramento, California

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

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OFFICIAL STATEMENT

$10,000,000*
CITY OF RANCHO CORDOVA
ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2026

This Official Statement, including the cover page and all appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Rancho Cordova (the "**City**") of the above-captioned bonds (the "**Bonds**"), for and on behalf of its Improvement Area No. 2 ("**Improvement Area No. 2**") of the City of Rancho Cordova Arista Del Sol Community Facilities District No. 2022-1 (the "**District**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein shall have the meaning set forth in the Fiscal Agent Agreement. See APPENDIX C.

INTRODUCTION

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

The District, Improvement Area No. 1 and Future Annexation Area. The District was established, Improvement Area No. 1 was designated as an improvement area within the District, and a future annexation area was created for the District (the "**Future Annexation Area**"), pursuant to proceedings conducted by the City under the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq*., of the Government Code of the State of California) (the "**Mello-Roos Act**").

In July 2025, land designated as Improvement Area No. 2 of the District ("**Improvement Area No. 2**") was annexed to the District from the Future Annexation Area, and an initial bond authorization was established for Improvement Area No. 2 in the amount of $14,800,000. In the third quarter of 2026, the owners of the remaining land in the Future Annexation Area plan to request annexation of such land into the District as a separate Improvement Area No. 3. The Bonds represent the first series of special tax bonds authorized and issued by the City for

* Preliminary; subject to change.

Improvement Area No. 2 and are secured solely by the Special Taxes (defined herein) levied in Improvement Area No. 2 and no other improvement areas of the District.

The Bonds. The Bonds are issued pursuant to the provisions of the Mello-Roos Act, a Fiscal Agent Agreement, dated as of January 1, 2026 (the "**Fiscal Agent Agreement**") between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"), and a resolution adopted on [December 15], 2025 by the City Council of the City, which authorized the issuance of the Bonds (the "**Resolution**").

Registration of Ownership of the Bonds. The Bonds are issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), without coupons, in the denomination of $5,000 or any integral multiple thereof and shall be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page hereof. Interest on the Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2026. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – DTC and the Book-Entry Only System."

Use of Proceeds. Proceeds of the Bonds will primarily be used to finance a portion of the costs of acquiring and constructing and/or paying impact fees for, certain public infrastructure improvements necessary for development in the District (the "**Facilities**," as described herein). The Facilities consist generally of roadway and transportation improvements, park improvements, in-tract improvements and other miscellaneous infrastructure improvements necessary for development of property within the District, as well as certain development impact fees imposed by the City and other local agencies. Proceeds of the Bonds will also be used to make a deposit in the Reserve Fund (defined herein), provide capitalized interest on the Bonds through and including September 1, 2026, and pay the cost of issuance of the Bonds.

Security and Sources of Payment of the Bonds. The Bonds are secured by, and payable from, "**Special Tax Revenues**," which are defined as the proceeds of the Special Taxes annually received by the City, less an amount equal to the Administrative Expense Priority, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes. "**Special Taxes**" means the special tax levied on taxable real property within the boundaries of Improvement Area No. 2 under the Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 (the "**Rate and Method**"), and "**Administrative Expense Priority**" means (i) for Fiscal Year 2026-27, $30,000, and (ii) for each subsequent fiscal year, an amount equal to the preceding fiscal year's Administrative Expense Priority plus an additional 2% of such amount.

The Bonds are also payable from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including the Reserve Fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in Improvement Area No. 2 will be levied and collected annually according to the tax liability determined by the application of the Rate and

Method, which is set forth in APPENDIX A hereto. The Special Taxes represent fixed liens on the parcels of land subject to a Special Tax in Improvement Area No. 2 and failure to pay the Special Taxes could result in proceedings to foreclose title to the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels and no proceedings to collect directly from an owner is permitted. See “SECURITY FOR THE BONDS – Rate and Method” and “APPENDIX A – Rate and Method of Apportionment of Special Tax.”

Pursuant to the Mello-Roos Act and the Fiscal Agent Agreement, so long as any Bonds are outstanding, the City will annually levy the Special Tax against all taxable land within Improvement Area No. 2 in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Fund (as defined herein) as necessary. See “SECURITY FOR THE BONDS – Special Taxes” herein.

In connection with the issuance of the Bonds, the City will direct the Fiscal Agent to establish a “**Reserve Fund**,” which will be funded in an amount equal to the Reserve Requirement (described herein) with respect to the Bonds. Amounts in the Reserve Fund are available for payment of the Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies. See “SECURITY FOR THE BONDS – Reserve Fund.” If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

No Additional Bonds Except for Refunding**.** The Bonds are the first series of bonds being issued by the City for Improvement Area No. 2. No additional bonds are currently expected, except that additional bonds secured on parity with the Bonds may be issued for refunding purposes. Land within the Future Annexation Area is expected to annex into the District as one or more separate improvement areas and is not expected to provide security for the Bonds.

Property Subject to the Special Tax. Improvement Area No. 2 consists of 215 residential lots subject to the Special Tax and the lots are under development by the following merchant homebuilders (collectively, the “**Merchant Builders**”):

- Woodside 05N, LP, a California limited partnership (**“Woodside”**) is developing 63 lots into its “Willow at Cypress” neighborhood and “28 lots into its “Aspen at Cypress” neighborhood;

- Richmond American Homes of Maryland Inc., a Maryland corporation (“**Richmond American**”), and an affiliate of Woodside, is developing 41 lots into its “Seasons at Cypress” neighborhood; and

- Beazer Homes Holdings, LLC, a Delaware limited liability company (“**Beazer Homes**”) is developing 83 lots into its “Arista” neighborhood

As of the October 21, 2025 date of the appraisal described herein, development of the project consists of 215 residential lots with lot sizes ranging from 4,200 to 5,775 square feet. The project is three non-contiguous portions of the master planned community. As noted above, of the 215 lots, 91 lots are owned by Woodside, 41 lots are owned by Richmond American, and 83 lots are owned by Beazer Homes.

Marketing in all neighborhoods is ongoing, with certain homes under contract, but no closings. Homes under contract may not result in closed escrows as sales contracts are subject to cancellation. Land in Improvement Area No. 2 consists of "phase 2" of a larger development being undertaken by Woodside and Richmond American, Improvement Area No. 1 was the first phase of the larger development, and, as of September 1, 2025, there were 226 out of a planned 366 homes sold and closed to individual homeowners within Improvement Area No. 1. *The Bonds are secured only by the parcels in Improvement Area No. 2.*

Value of Property. Property in Improvement Area No. 2 is security for the Special Tax. The City ordered preparation of an appraisal report (the "**Appraisal**"), of the estimated value of the taxable land within Improvement Area No. 2 as of October 21, 2025, prepared by Integra Realty Resources, Sacramento, California (the "**Appraiser**"). The Appraiser indicated a value estimate of $45,852,000 as of the date of value, subject to the conditions and qualifications set forth therein. The Appraisal is set forth in its entirety as APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. In considering the estimates of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions that affected the estimates as to value, in addition to the assumption of completion of the Facilities expected to be funded with the proceeds of the Bonds. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2."

The principal amount of the direct and overlapping debt in Improvement Area No. 2 is $10,737,982*, which consists of the estimated amount of Bonds ($10,000,000*) and $737,982 of overlapping general obligation and CFD bond debt. Consequently, the estimated value of property in Improvement Area No. 2 subject to the Special Tax lien ($45,852,000), is approximately 4.3* times the principal amount of the direct and overlapping debt in Improvement Area No. 2. This is an average, and individual parcels may have value-to-lien ratios that are different. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Value to Special Tax Burden Ratios."

Land may annex into Improvement Area No. 2 or, more likely, a separate improvement area established for the District, from the Future Annexation Area upon the unanimous approval of the owner(s) thereof, without any further proceedings of the City Council. Currently, no annexations into Improvement Area No. 2 are contemplated and per the Fiscal Agent Agreement, bonds can only be issued for refunding purposes.

Risks of Investment. Investment in the Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

Limited Obligation of the City. **The General Fund of the City is not liable, and the full faith and credit of the City is not pledged, for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the Special Tax Revenues and amounts in certain funds established under the Fiscal Agent Agreement as described herein. The Bonds are special limited obligations of the City, and neither the City Council, the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the Special Tax Revenues and**

* Preliminary; subject to change.

amounts in certain funds established under the Fiscal Agent Agreement as described herein.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. See "APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement." The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or Improvement Area No. 2 since the date hereof.

FINANCING PLAN

The Bonds are being issued to (i) construct and acquire certain public facilities, which may include payment of fees related to public facilities, authorized for the District; (ii) deposit into the Reserve Fund an amount equal to the Reserve Requirement with the Bonds; (iii) fund capitalized interest on the Bonds through and including September 1, 2026; and (iv) pay the costs of issuance of the Bonds.

A summary of the estimated sources and uses of funds associated with the sale of the Bonds follows:

Estimated Sources of Funds:	
Principal Amount of the Bonds	$
Plus/less: [Net] Original Issue Premium/Discount	
Total	$
Estimated Uses of Funds:	
Deposit to Improvement Fund	$
Deposit to Reserve Fund(1)	
Deposit to Capitalized Interest Account of Bond Fund(2)	
Costs of Issuance(3)	
Total	$

(1) Equal to the Reserve Requirement for the Bonds.
(2) Used to pay capitalized interest on the Bonds through and including September 1, 2026.
(3) Used to pay costs of issuance of the Bonds, including initial fees, expenses and charges of the Fiscal Agent, costs of printing the preliminary and final Official Statements, administrative fees of the City, Underwriter's discount, Municipal Advisor, fees of Bond Counsel and Disclosure Counsel, and other costs of issuance.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution adopted by the City Council on [December 15], 2025, and the Mello-Roos Act.

Description of the Bonds

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by U.S. Bank Trust Company, National Association, as the fiscal agent, registrar and transfer agent (the "**Fiscal Agent**") for the Bonds, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – DTC and the Book-Entry Only System."

The Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The principal of the Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds.

Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2026. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date 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 15th day of the calendar month preceding the Interest Payment Date (the "**Record Date**"), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of $1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds shall be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX G – DTC and the Book-Entry Only System."

Each 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 prior to 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 Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G - DTC and the Book-Entry Only System."

Redemption

Optional Redemption. The Bonds are subject to optional redemption from any source of available funds (other than prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 20__ at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 20___ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

Mandatory Redemption from Prepayments. The Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities as shall be specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
Interest Payment Dates through and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

See "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments" for a discussion of the potential for the Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity.

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__ and September 1, 20__ (the "**Term Bonds**") are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

September 1, 20__ Term Bonds

Mandatory Redemption Date (September 1)	Sinking Fund Payment

September 1, 20__ Term Bonds

Mandatory Redemption Date (September 1)	Sinking Fund Payment

The amounts in the foregoing table shall be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 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 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent shall 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 one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and number of each Bond to be redeemed or shall state that all Bonds between two stated numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of Bonds. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an event of default.

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

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent shall select the Bonds to be redeemed from all Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate. Upon surrender of Bonds redeemed in part only, the City shall execute, and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

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 Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent 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 such notice.

Transfer or Exchange of Bonds

So long as the Bonds *are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of* Bonds *shall be made in accordance with DTC procedures. See APPENDIX G.* Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of 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 shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

SECURITY FOR THE BONDS

The Bonds are secured by and payable from a first pledge of the proceeds of the "**Special Tax Revenues**," defined in the Fiscal Agent Agreement as the proceeds of the Special Tax received by the City for Improvement Area No. 2, less an amount equal to the Administrative Expense Priority, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes. *"***Administrative Expense Priority***"* means (i) for Fiscal Year 2026-27, $30,000, and (ii) for each subsequent fiscal year, an amount equal to the preceding fiscal year's Administrative Expense Priority plus an additional 2% of such amount.

All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided in the Fiscal Agent Agreement, the Improvement Fund and the Special Tax Fund are pledged to secure the repayment of the Bonds. In addition, the Bonds are secured by a pledge of all amounts in the Reserve Fund. Such pledge shall constitute a first lien on the Special Tax Revenues and said amounts.

The Special Tax Revenues and all moneys deposited into said funds are pledged 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 Mello-Roos Act until all of the Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Fiscal Agent Agreement) have been set aside irrevocably for that purpose. The City may issue additional bonds secured on a parity with the Bonds only for refunding purposes; see "– Additional Bonds" below.

Amounts in a Costs of Issuance Fund established under the Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The Facilities are not in any way pledged to the repayment of the Bonds. Any proceeds of condemnation, destruction or other disposition of any Facilities are not pledged to the repayment of the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

A Special Tax applicable to each taxable parcel in Improvement Area No. 2 will be levied and collected according to the tax liability determined by the City through the application of the Rate and Method prepared by Goodwin Consulting Group, Inc., Sacramento, California (the "**Special Tax Consultant**") and set forth in APPENDIX A hereto, for all taxable properties in Improvement Area No. 2. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on such property within Improvement Area No. 2, from amounts held in certain funds and accounts established under the Fiscal Agent Agreement and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIIIA of the California Constitution, pursuant to Section 4 thereof as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the City pursuant to the Mello-Roos Act in a maximum amount determined according to the Rate and Method approved by the City. See "Rate and Method" below and "APPENDIX A – Rate and Method of Apportionment of Special Tax."

The amount of Special Taxes that the City may levy in any year on taxable property in Improvement Area No. 2, from which principal and interest on the Bonds is to be paid, is limited by the maximum rates approved by the qualified electors within Improvement Area No. 2 which are set forth as the "**Maximum Special Tax**" in the Rate and Method. Under the Rate and Method, Special Taxes will be levied annually in an amount not in excess of the Maximum Special Tax for the purpose of making payments on the Bonds. The Special Taxes and any interest earned on the Special Taxes shall constitute a fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the amount levied for principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Special Tax Requirement (as defined in the Rate and Method and described below) among the taxable parcels of real property within Improvement Area No. 2 according to the rate and methodology set forth in the Rate and Method. See "– Rate and Method" below. See also "APPENDIX A – Rate and Method of Apportionment of Special Tax."

The City may levy the Special Tax up to the Maximum Special Tax rate authorized by the qualified electors within Improvement Area No. 2 as set forth in the Rate and Method if conditions so require and the City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Special Tax Requirement (as defined below). Because each Special Tax levy for payment of the Bonds is limited to the Maximum Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Special Tax Requirement will in fact be collected in any given year. See "BOND OWNERS' RISKS – Levy and Collection of the Special Tax" herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

In addition to the Maximum Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Mello-Roos 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.

Rate and Method

The Special Tax authorized under the Mello-Roos Act applicable to land within Improvement Area No. 2 will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the Rate and Method (defined terms set forth below in this section have the meanings set forth in the Rate and Method) set forth in "APPENDIX A – Rate and Method of Apportionment of Special Tax." The Special Tax will be levied each year from parcels within Improvement Area No. 2 in an amount at least sufficient to pay debt service on outstanding Bonds and administrative expenses. The Special Tax is expected to be collected at the same time and in the same manner as *ad valorem* property taxes. The City reserves the right to collect the taxes in another manner if required to meet annual obligations of Improvement Area No. 2.

Each year, the City will determine the Special Tax Requirement for the upcoming fiscal year. The "**Special Tax Requirement**" is defined in the Rate and Method as the amount necessary in any fiscal year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such fiscal year, (ii) to pay periodic costs for the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds, (iii) to replenish reserve funds to the extent such replenishment was not included in the computation of the Special Tax Requirement in a previous fiscal year, (iv) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior fiscal year or, based on prior delinquencies, are expected to occur in the current fiscal year, (v) to pay Administrative Expenses, and (vi) to pay directly for Authorized Facilities, so long as such levy under this clause (vi) does not increase the Special Tax on Final Map Property or Undeveloped Property (as defined in the Rate and Method). The Special Tax Requirement components in clauses (i) and (ii) may be reduced in any fiscal year by (a) interest earnings on, or surplus balances in, funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, Bond resolution, or other legal document that set forth these terms, (b) in the sole and absolute discretion of the City, proceeds received by the City from the collection of penalties associated with delinquent Special Taxes; and (c) any other revenues available to pay such costs as determined by the City.

Parcels Subject to the Special Tax. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City has the authorization to tax all parcels within Improvement Area No. 2 except tax-exempt parcels as described in the Rate and Method.

Each Fiscal Year, the Administrator shall: (i) assign each Parcel of Taxable Property to the appropriate Development Class, (ii) for Developed Property, categorize each Parcel as Single Family Detached Property, Single Family Attached Property or Other Property, (iii) for Single Family Detached Property, determine the Lot Category for each SFD Lot; (iv) for Single Family Attached Property, determine the number of SFA Units on each Parcel; (v) for Other Property, determine the Acreage of each Parcel; and (vi) determine the Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor the Tentative Map, Final Maps, and Building Permits to determine if there are any proposed Land Use Changes that would change the Expected Maximum Special Tax Revenues. If the Expected Maximum 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.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 2 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 and/or Land Use Category than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes 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 and/or Land Use Category, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

Assignment of Maximum Special Tax. The Rate and Method describes in detail the precise method for assigning the Maximum Special Tax to parcels within Improvement Area No. 2, which generally provides that each year the City will use the definitions contained in the Rate and Method to classify each parcel as tax-exempt or taxable. Changes to maximum special tax rates due to Land Use Changes are handled per Section D of the Rate and Method. See APPENDIX A.

Maximum Special Tax Rates. The Maximum Special Tax for a Parcel of Developed Property based on a lot category of "A," "B," or "C" designated in the Rate and Method, based on lot size (see the "Lot Category" definitions in Appendix A) at the time the District was formed, as shown below and in Attachment 2 of the Rate and Method. The Rate and Method includes a designated tax amount for Attached Property and Other Property, however no development into those designations is expected. For additional details, see APPENDIX A.

Land Use Category	Lot Category	FY 2026-27 Maximum Special Tax (1)(2)	
Single Family Detached Property	A (3)	$1,934.10	per Residential Unit / SFD Lot
	B (4)	$2,791.40	per Residential Unit / SFD Lot
	C (5)	$3,603.94	per Residential Unit / SFD Lot
Single Family Attached Property	N/A	$1,934.10	per Residential Unit
Other Property	N/A	$29,152.00	per Acre

(1) On July 1 each fiscal year, the Maximum Special Taxes shall be increased by 2% of the amount in effect in the previous fiscal year.
(2) Represents the Maximum Special Tax rates based on currently-expected land uses in the CFD. Subject to change pursuant to Section D of the RMA.
(3) The RMA defines Lot Category A as a SFD Lot within the portion of Improvement Area No. 2 in which an average lot size of 40'x105' was anticipated as of the Lien Date, as identified in Attachment 1 to the RMA.
(4) The RMA defines Lot Category B as a SFD Lot within the portion of Improvement Area No. 2 in which an average lot size of 45'x105' was anticipated as of the Lien Date, as identified in Attachment 1 to the RMA.
(5) The RMA defines Lot Category C as a SFD Lot within the portion of Improvement Area No. 2 in which an average lot size of 55'x105' was anticipated as of the Lien Date, as identified in Attachment 1 to the RMA.
Source: Goodwin Consulting Group, Inc.

In addition to the Maximum Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Mello-Roos 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.

Levy of Special Tax. Once the Special Tax Requirement has been determined for a particular Fiscal Year, the Special Tax will be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts. "Developed Property" for purposes of the Rate and Method means, in any Fiscal Year, all Parcels of Taxable Property that are not Taxable Owners Association Property, Taxable Public Property, or Taxable Welfare Exemption Property for which a Building Permit for new construction was issued prior to June 1 of the preceding Fiscal Year.

If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Special Tax for each Parcel of Final Map Property until the amount levied is equal to the Special Tax Requirement.

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

Thereafter, Taxable Welfare Exempt Property, Taxable Owners Association Property and Taxable Public Property could be taxed. See APPENDIX A.

Termination of the Special Tax. The Special Tax will be levied until all Bonds have been repaid and all authorized facilities have been funded; however, Special Taxes cannot be levied under any circumstance after Fiscal Year 2064-65.

Prepayment of the Special Tax. The Special Tax obligation assigned to a particular parcel within Improvement Area No. 2 can be prepaid, which will release the parcel making the prepayment from the Mello-Roos special tax lien. Section H of the Rate and Method sets forth a detailed formula by which the prepayment for a parcel can be calculated. Proceeds of such prepayment will be used to redeem a portion of the Bonds. See "THE BONDS – Redemption."

Projected Fiscal Year 2026-27 Special Tax Levy. The following table shows the projected Fiscal Year 2026-27 special tax levy for Improvement Area No. 2

Projected Fiscal Year 2026-27
Special Tax Levy (1)

Lot Category	Projected FY 2026-27 Maximum Special Tax(1)(2)	Projected FY 2026-27 Actual Special Tax (2)
A	$121,848	$110,399
B	192,607	179,916
C	299,127	267,504
Total	**$613,582**	**$557,819**

(1) Based on building permits issued prior to October 21, 2025, and final maps recorded by June 30, 2025.
(2) Includes debt service due in 2027 on the Bonds and estimated administrative expenses in the amount of $30,000.
Sources: Goodwin Consulting Group, Inc.

Special Tax Fund

When received, the Special Tax Revenues are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the City will establish and maintain two accounts, (i) the Debt Service Account, to the credit of which the City will deposit, immediately upon receipt, all Special Tax Revenues, and (ii) the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds. Notwithstanding the foregoing, the City may semi-annually transfer from the Special Tax Fund so held an amount equal to one-half of the Administrative Expense Priority as necessary for the payment of Administrative Expenses up to the Administrative Expense Priority.

All Special Tax Revenue will be deposited in the Debt Service Account upon receipt. No later than 10 Business Days prior to each Interest Payment Date, the City will withdraw from the Debt Service Account of the Special Tax Fund and transfer (i) to the Fiscal Agent for deposit in the Reserve Fund, an amount which when added to the amount then on deposit therein, is equal to the Reserve Requirement, and (ii) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, including any mandatory sinking fund payments, premium, if any, and interest due on the Bonds on the next Interest Payment Date. At such time as deposits to the Debt Service Account equal the principal, including any mandatory sinking fund payments, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the balance of the Reserve Fund to the Reserve Requirement, the amount in the Debt Service Account in excess of such amount may, at the discretion of the City on or after September 15th of each year, be transferred to the Surplus Account and thereafter be free of the pledge to pay the Bonds.

Moneys in the Surplus Account may, at the City's discretion, be used to pay for costs of the Facilities, to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement but are not pledged to payment of the Bonds.

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by certain amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the initial purchase of the Bonds shall be paid to the Fiscal Agent, who shall deposit such proceeds in the Costs of Issuance Fund, the Improvement Fund, the Bond Fund (for capitalized interest) and the Reserve Fund established under the Fiscal Agent Agreement. See APPENDIX C for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also "– Reserve Fund" and "– Improvement Fund" below.

Delinquent Payments of Special Tax; Covenant for Foreclosure

The Special Tax will be collected in the same manner and same time as *ad valorem* property taxes, except at the City's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Mello-Roos Act to order institution of an action in superior court to foreclose the lien therefore.

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in such fiscal year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Mello-Roos Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in Improvement Area No. 2 for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided,* that if the City determines on the basis of such review that:

(a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in Improvement Area No. 2 in such fiscal year, but that property owned by any single property owner in Improvement Area No. 2 is delinquent by more than $6,500 with respect to the Special Tax due and payable by such property owner in such fiscal year, or

(b) that property owned by any single property owner in Improvement Area No. 2 is delinquent on four or more consecutive semi-annual Special Tax installments (irrespective of the total delinquencies in Improvement Area No. 2), then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Fiscal Agent Agreement against each such property owner.

Under the Mello-Roos Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent Special Taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the Owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Additionally, it is possible that no bids are received at a foreclosure sale. Provided that it is not levying the Special Tax at the Maximum Special Tax rates set forth in the Rate and Method, the City may adjust the Special Taxes levied on all property within Improvement Area No. 2 subject to the Special Tax to provide an amount required to pay debt service on the Bonds, and to replenish the Reserve Fund, provided however such adjustment may not exceed the Maximum Special Tax or include an increase 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.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived, and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Mello-Roos Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Priority of Lien."

Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the "**Teeter Plan**," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually the full amount of their shares of property taxes and other impositions collected on the secured roll, including delinquent property taxes which have yet to be collected. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

The Board of Supervisors of Sacramento County has adopted the Teeter Plan, and the County elects to apply its Teeter Plan to the collection of the Special Taxes annually. As such, the Teeter Plan will be applicable after the initial year of a Special Tax levy, but no assurance can be given that it will continue in any or all of the years that the Bonds are outstanding. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, and to the extent the County does not discontinue the Teeter Plan with respect to the City or Improvement Area No. 2, the County's Teeter Plan may help protect owners of the Bonds from the risk of delinquencies in the payment of Special Taxes. *However, there can be no assurance that the County will not modify or eliminate its Teeter Plan or choose to remove Improvement Area No. 2 from its Teeter Plan permanently in any year while the Bonds are outstanding.*

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Reserve Fund

Under the Fiscal Agent Agreement, the Fiscal Agent established the Reserve Fund, which is available for payment of the Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies.

The City is required to maintain on deposit in the Reserve Fund an amount that is equal to the Reserve Requirement with respect to the Bonds. The "**Reserve Requirement**" means the least of (i) 125% of the average Annual Debt Service on the Bonds; (ii) Maximum Annual Debt Service on the Bonds; and (iii) 10% of the original principal amount of the Bonds (or, if the Bonds have more than a de minimis amount of original issue discount or premium, 10% of the issue price of such Series of Bonds); provided, that in no event shall the City be obligated to deposit an amount in the Reserve Fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code. The Reserve Requirement shall not increase after the issuance of the Bonds.

Amounts deposited in the 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 on, the Bonds secured by the Reserve Fund. If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund or the Improvement

Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Improvement Fund, if the Facilities have not been completed, or if the Facilities have been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

The City has the right at any time to cause the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a "Qualified Reserve Fund Credit Instrument"), provided certain conditions are met, including that the long-term credit rating of such bank or insurance company is rated at least "AA" (without regard to qualifier) by S&P or Moody's.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and making any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Improvement Fund

Under the Fiscal Agent Agreement, the Fiscal Agent establishes an "**Improvement Fund**," which is held and used by the Fiscal Agent to pay the costs of the Facilities. Disbursements from the Improvement Fund will be made by the Fiscal Agent in accordance with written requests of the City.

Before any payment from the Improvement Fund shall be made, the City shall file or cause to be filed with the Fiscal Agent a written request of the City for disbursement of moneys from such fund. Such withdrawals shall be implemented by the City pursuant to the terms and requirements of the Acquisition Agreement (described below). The Fiscal Agent need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, that has not been released or will not be released simultaneously with such payment. The Fiscal Agent shall not incur any liability for any disbursement from the Improvement Fund made in reliance upon any requisition. When the City determines that all of the costs of the Facilities to be financed with proceeds of the Bonds have been paid, the City shall provide written notification of such determination to the Fiscal Agent and direct the Fiscal Agent to transfer any remaining balance in any Improvement Fund into the Bond Fund. See "THE FACILITIES – Acquisition by the City."

No Additional Bonds Except for Refunding

The Resolution of Formation authorizes the issuance of up to $14,800,000 of bonded indebtedness for Improvement Area No. 2; the Bonds represent the first series of bonds and under the provisions of the Fiscal Agent Agreement and the City is precluded from issuing additional bonds secured by the Special Taxes on parity with the Bonds, except for refunding bonds issued under the Act. The City may issue bonds for Improvement Area No. 2 secured by Special Taxes on a subordinate basis to the pledge of Special Taxes for payment of the Bonds.

DEBT SERVICE SCHEDULE AND COVERAGE

Debt Service Schedule. The annual debt service on the Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is set forth below (assuming no early redemptions).

City of Rancho Cordova
Arista Del Sol Community Facilities District No. 2022-1
Improvement Area No. 2
Special Tax Bonds Series 2026
Debt Service Schedule

Period Ending Sept. 1	Bonds Principal	Bonds Interest[(1)]	Bonds Total Debt Service
Total			

(1) The interest on the Bonds due through and including September 1, 2026 will be paid from capitalized interest.
Source: Underwriter.

Projected Debt Service Coverage. The projected debt service coverage for Fiscal Year 2026-27 is set forth below and is based on the current status of development and only the Bonds outstanding. To the extent that development status changes, the debt service coverage may be different than what is shown. The Bonds have been structured so there is at least 110% debt service coverage from Special Tax Revenues in every year the Bonds are outstanding.

City of Rancho Cordova
Arista Del Sol Community Facilities District No. 2022-1
Improvement Area No. 2
Special Tax Bonds Series 2026
Projected Fiscal Year 2026-27 Debt Service Coverage(1)(2)

Bond Year	Maximum Special Tax Developed and Final Map Property (3)	Priority Admin (4)	Special Tax Debt Service *	Debt Service Coverage from Developed and Final Map Property *
2027	$613,582	($30,000)	$527,819	110.56%

*. *Preliminary; subject to change*.
(1) Pursuant to Section 53321(d) of the Government Code, the special tax levied against any assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other assessor's parcel within the District by more than 10% above the amount that would have been levied in the fiscal year had there never been any such delinquencies or defaults.
(2) Represents the Maximum Special Tax rates based on currently-expected land uses in Improvement Area No. 2. Subject to change pursuant to Section D of the RMA.
(3) Includes projected Maximum Special Tax revenues based on the status of development as of October 21, 2025. Assumes no future development.
(4) As defined in the Fiscal Agent Agreement, the Administrative Expense Priority for Fiscal Year 2026-27 is $30,000 and escalates by 2% per year.
Sources: Piper Sandler & Co.; Goodwin Consulting Group, Inc.

IMPROVEMENT AREA NO. 2

Formation and Background

On January 3, 2022, the City Council adopted a Resolution of Intention to form the District, designate Improvement Area No. 1 as an improvement area therein, and establish the Future Annexation Area, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Facilities and making contributions to certain public facilities. The public hearing date identified in the Resolution of Intention was postponed in accordance with the Mello-Roos Act. After conducting the noticed public hearing, on May 16, 2022, the City Council adopted the Resolution of Formation, which established the District, designated Improvement Area No. 1 therein, and created the Future Annexation Area, approved the Rate and Method for Improvement Area No. 1 and set forth the necessity to incur bonded indebtedness for the District and Improvement Area No. 1 in a total amount not to exceed $50,000,000 (excluding bonds or notes described in Section 53364.2(e) of the Mello-Roos Act), initially allocated as follows: (i) for Improvement Area No. 1, $25,000,000 and (ii) for the portion of the District that is in the Future Annexation Area and not currently in Improvement Area No. 1, $25,000,000. On the same day, an election was held within Improvement Area No. 1 in which Woodside, as the sole eligible landowner voter in the District, approved the proposed bonded indebtedness and the levy of the Special Tax within Improvement Area No. 1.

In July 2025, land designated as Improvement Area No. 2 of the District was annexed to the District from the Future Annexation Area via "unanimous approval" process, and an initial bond authorization was established for Improvement Area No. 2 in the amount of $14,800,000.

Description and Location

General. Land developing in the District is referred to by the City as the "Arista Del Sol" residential project, planned for a total of 740 residential lots, which is located within the Sunridge Specific Plan area of the City, northwest of Grantline Road at northwest corner of Chrysanthy Boulevard and Grant Line Road, south of Douglas Road, which represents the main east/west thoroughfare in the neighborhood. This is approximately 15 miles east of the Sacramento Central Business District, south of U.S. Highway 50, one of two main east-west routes in Sacramento. On- and off-ramps for U.S. Highway 50 are accessible via Sunrise Boulevard, about seven miles northwest of the District. To the east, it provides access to El Dorado County, various foothills communities, the Sierra Nevada Mountains and Lake Tahoe. To the west, Highway 50 is the principal route to Sacramento's Central Business District and other major freeways.

The Sunridge Specific Plan provides a mix of uses organized around the various single family residential neighborhoods, many of which have been completed and sold out. The plan area is primarily residential but is supplemented with commercial and office uses; housing types consist mostly of detached single-family residential units.

Land in improvement Area No. 2 represents a portion of the larger "Arista Del Sol" community, planned for 215 single-family residential units. As of October 21, 2025, all of the land was owned by merchant homebuilders, with 91 lots are owned by Woodside, 41 lots owned by Richmond American, and 83 lots owned by Beazer Homes.

The greater Rancho Cordova area is a mature suburban area, which encompasses all types of land uses, including single-family and multifamily residential, retail, office and industrial, and has experienced continued growth since the mid 1980's. This area currently is a substantial suburban office market within the Sacramento region, as well as a major employment center, most of which is located along U.S. Highway 50 which traverses the City. For certain demographic information relating to the City and the County, see "APPENDIX D – Sacramento County and City of Rancho Cordova Demographic Information."

Maps. The following pages show the boundary map of the District (including Improvement Area No. 2 therein), and the villages planned for the project.

Environmental Matters

Flood Hazard Map Information. Land in Improvement Area No. 2 is located in Flood Zone X, described as areas outside of the 100 and 500-year flood plains (less than 0.2% annual chance of flooding in any given year - flood insurance not required). This information is according to the Federal Emergency Management Agency Flood Map, Community Panel No. 06067C-0240J, revised July 19, 2018. Land in Improvement Area No. 2 is not subject to the Central Valley Flood Protection Plan (SB 5).

Seismic Conditions. According to the California Seismic Safety Commission, Improvement Area No. 2 is located within Zone 3, areas of moderate seismic activity. Zone 3 is considered to be the lowest risk zone in California. In addition, Improvement Area No. 2 is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

Wildfire Hazards. Land in Improvement Area No. 2 has been classified as an area of moderate concern, as defined by CAL FIRE.

[Insert CFD Boundary Map]

[Insert Site Plan Map]

THE FACILITIES

Eligible Facilities

The Facilities eligible to be financed by the District (including Improvement Area No. 2 therein) are set forth in the Resolution of Formation and include roadway and transportation improvements, park improvements, in-tract improvements as well as certain development impact fees imposed by the City and other local agencies, including fees for transportation related facilities, sanitary sewer facilities, water facilities and other capital improvements for which developer impact fees are payable as a condition of development within the District (collectively, the "**Facilities**), as well as improvements and incidental expenses as authorized by the Mello-Roos Act.

The proceeds of the Bonds will be used for a portion of the cost of the Facilities. See "FINANCING PLAN" for additional details.

Acquisition by the City and other Local Agencies

In connection with the issuance of special tax bonds for Improvement Area No. 1, the City and Woodside entered into a Funding, Construction and Acquisition Agreement (the "**Acquisition Agreement**") which provides for financing of all or a portion of the Facilities, including Facilities to be constructed by or on behalf of Woodside (or its successors), with a portion of the proceeds of the Bonds. As components of the Facilities to be constructed by Woodside are completed, proceeds of a portion of the Bonds will be used to pay all or a part of the purchase price of various Facilities pursuant to the terms of the Acquisition Agreement. The portion of the cost of construction of the Facilities to be constructed by Woodside, which will not be provided from Bond proceeds, will be the responsibility of Woodside.

The City also entered into joint community facilities agreements with the Cordova Recreation and Park District (CRPD) and other local agencies so that a portion of the proceeds of the Bonds and other special tax bonds issued for Improvement Area No. 2 may finance the development impact fees and/or Facilities to be acquired by those local agencies.

The Rate and Method provides that the funding of Improvement costs can also be made from collections of the Special Tax available for a limited time as the "pay-as-you-go" component of Special Taxes. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Facilities (both improvements and fees) in excess of the amount provided from bond proceeds (if such proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt service.

OWNERSHIP OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2

The information regarding the ownership of the property contained under this caption has been provided by the Merchant Builders. There may be material adverse changes in this information after the date of this Official Statement. Unpaid Special Taxes do not constitute a personal indebtedness of the Merchant Builders or any other current or subsequent owners of the parcels within Improvement Area No. 2 and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure of the delinquent land within Improvement Area No. 2 securing the Bonds, but has no direct recourse to any other assets of any property owner or any affiliate thereof. The Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement.

There is no assurance that the Merchant Builders or any other current or subsequent owners of the parcels within Improvement Area No. 2 have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within Improvement Area No. 2 of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within Improvement Area No. 2. See “SECURITY FOR THE BONDS” and “BOND OWNERS’ RISKS” herein.

Current Property Ownership

All of the land in Improvement Area No. 2 is currently owned by the Merchant Builders.

Initially, all of the taxable land in Improvement Area No. 2 was owned by Woodside, which is the master developer for the larger “Arista Del Sol” development.

In 2024, Woodside sold a portion of the larger development, consisting of a total of 142 residential lots to Beazer Homes, in two takedowns – 59 lots on June 3, 2024, and 83 lots on December 23, 2024. With respect to the second take-down, Woodside was responsible for putting the lots into “finished lot” condition.

Also in 2024, Richmond American’s parent company, MDC Holdings, Inc., was acquired was purchased by Sekisui House Ltd., which is also the ultimate parent of Woodside since 2017. As a result of the acquisition, Richmond American is now part of Sekisui House’s U.S. operations, alongside other home building brands, including Woodside Homes.

Woodside

General. As defined previously in this Official Statement, “Woodside” refers to Woodside 05N, LP, a California limited partnership. Woodside is wholly owned by Woodside Group, LLC, a Nevada limited liability company (“**Woodside Group**”), directly or through its wholly owned subsidiaries. Woodside is owned 99% directly by Woodside Group, as a limited partner. The remaining 1% interest is owned by WDS GP, Inc., a California corporation, as its general partner, which is wholly owned by Woodside Homes of California, Inc., a California corporation, which in turn is wholly owned by Woodside Group. The parent of Woodside Group is Woodside Homes Company, LLC, a Delaware limited liability company (“**Woodside Homes Company**”). Since February 28, 2017, the ultimate parent of Woodside Homes Company has been Sekisui House, Ltd, one of Japan's largest homebuilders, which was founded in 1960 and is headquartered in Osaka, Japan.

Woodside Group's subsidiaries engage in the design, construction, and sale of single-family homes under the brand names of Woodside Homes and Hubble Homes. Woodside Homes Company is one of America's top 30 homebuilders having built more than 40,000 homes across the United States, with current operations in Arizona, California, Idaho, Nevada, and Utah.

Development Plan. Woodside plans to construct a total of 91 single-family detached homes in Improvement Area No. 2 as part of two neighborhoods known as "Willow at Cypress" and "Aspen at Cypress." Woodside does not pre-plot, so there is no anticipated product mix by floor plan for the number of units Woodside will be constructing.

The 63 homes planned for the portion of the Willow neighborhood within Improvement Area No. 2 consist of four floor plans ranging from approximately 1,670 to approximately 2,402 square feet. As of October 21, 2025, three model homes were complete, four production homes were under construction and the remaining 56 lots were in finished lot condition (none with building permits issued).

The 28 homes planned for the portion of the Aspen neighborhood within Improvement Area No. 2 consist of six floor plans ranging from approximately 1,933 to approximately 2,715 square feet. As of October 21, 2025, no homes within the portion of Aspen in Improvement Area No. 2 were under construction. The Aspen models are complete but in Improvement Area No. 1.

The development status of the homes within the Willow and Aspen neighborhoods within Improvement Area No. 2 is set forth in the following tables. As of October 21, 2025, no homes had been sold and closed to individual homeowners.

Woodside – "Willow at Cypress"
(63 LDR Lots)
(as of October 21, 2025)

Floor Plans	Approx. Square Footage Range	Total Units Planned	Units Completed, Sold, and Closed	Units Completed and Unsold or in Escrow	Units Under Construction	Finished Lots	Estimated Base Price Range(1)
Four Floor Plans	1,670-2,402	63	0	3	4	63	$479,990-$564,990

(1) Estimated base price as of October 21, 2025 and does not include lot upgrades, premiums or concessions and incentives which may be offered.
Source: Woodside.

Woodside – "Aspen at Cypress"
(28 LDR Lots)
(as of October 21, 2025)

Floor Plans	Approx. Square Footage Range	Total Units Planned	Units Completed, Sold, and Closed	Units Completed and Unsold or in Escrow	Units Under Construction	Finished Lots	Estimated Base Price Range(1)
Six Floor Plans	1,933-2,715	28	0	0	0	28	$519,990-$614,990

(1) Estimated base price as of October 21, 2025 and does not include lot upgrades, premiums or concessions and incentives which may be offered.

Source: Woodside.

Woodside's development expectations described above are based on Woodside's current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans 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. Woodside reserves the right to change its development plans 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 by the homebuyer. See "BOND OWNERS' RISKS – Property Values and Property Development – Risks of Real Estate Secured Investments Generally."

Financing Plan*.* Woodside intends to finance the acquisition, development and home construction costs related to its development in Improvement Area No. 2 using internal sources, which may include cash generated from its homebuilding operations and advances from affiliates of its parent Woodside Homes Company. Woodside Homes Company has a $330 million unsecured term loan.

SH Residential Holdings, LLC, the direct parent of Woodside Homes Company, has one or more unsecured revolving credit facilities which are available to Woodside Homes Company pursuant to one or more intercompany lending agreements between SH Residential Holdings, LLC and Woodside Homes Company.

No assurance can be given that amounts necessary to fund the planned development by Woodside in Improvement Area No. 2 will be available when needed. Neither Woodside nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Woodside in Improvement Area No. 2. Any contributions by Woodside or any other entity or person to fund the costs of such development are entirely voluntary. Woodside has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Woodside's parent company, is inadequate to pay the costs to complete the planned development by Woodside in Improvement Area No. 2 and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed development by Woodside or to pay ad valorem property taxes or Special Taxes related to Woodside's property in Improvement Area No. 2 and the remaining portions of such development may not be completed. Many factors beyond Woodside's control, or a decision by Woodside to alter its current plans, may cause the actual sources and uses to differ from the projections. See "BOND OWNERS' RISKS – Property Values and Property Development" herein.

Richmond American

General. As previously defined in this Official Statement, "Richmond American" is Richmond American Homes of Maryland, Inc., a Maryland corporation. Richmond American is a wholly-owned subsidiary of Sekisui House U.S., Inc., a Delaware corporation ("**SHUS**"), which was formerly known as M.D.C. Holdings, Inc., a Delaware corporation and underwent a name change to SHUS on September 4, 2025. SHUS is a wholly-owned subsidiary of Sekisui House, Ltd., a Japanese kabushiki kaisha ("**Sekisui House**"). Richmond American and its predecessor entity have been building homes in California since 1986. The Northern California division of Richmond American based in Roseville, California, is responsible for the development of its project in Improvement Area No. 2.

SHUS has two primary operations: homebuilding and financial services SHUS's homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name "Richmond American Homes." SHUS's financial services operations include subsidiary companies that originate mortgage loans, provide title agency services, offer third-party insurance products for Richmond American's homebuyers, and provide insurance coverage for SHUS subsidiaries and most of Richmond American's subcontractors.

SHUS continues to voluntarily file public reports with the SEC setting forth certain data relative to the consolidated results of operations and financial position of SHUS and its subsidiaries, including Richmond American, as of such date. There is no guarantee that SHUS will continue to file such reports or information with the SEC or otherwise make them publicly available.

The SEC maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including SHUS. The address of such internet website is www.sec.gov. All documents subsequently filed by SHUS after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

The foregoing website and references to filings with the SEC are included for reference only, and the information on such website and on file with the SEC 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 such website or on file with the SEC. Neither Richmond American, SHUS nor any other person or entity is obligated to advance funds for construction or development and investors should not rely on the information and financial statements contained on such website in evaluating whether to buy, hold or sell the Bonds. The information contained on such website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter..

Development by Richmond American. Richmond American plans to construct 41 single-family detached homes in Improvement Area No. 2 as part of a neighborhood marketed as "Seasons at Cypress" The proposed product mix for the homes planned to be constructed by Richmond American within the portion of this neighborhood in Improvement Area No. 2 is set forth in the following table. As of October 21, 2025, no homes had been sold and closed to individual homeowners.

Richmond American – "Seasons at Cypress"
(41 LDR Lots)
(as of October 21, 2025)

Floor Plans	Approx. Square Footage	Total Units Planned	Units Completed, Sold, and Closed	Units Completed and Unsold or in Escrow	Units Under Construction	Finished Lots	Estimated Base Price(1)
Peridot	1,720	9	0	0	3	9	$526,950
Lapis	2,170	3	0	0	2	3	574,950
Pearl	2,360	7	0	0	2	7	597,950
Moonstone	2,710	11	0	0	4	11	628,950
Cassia	2,910	11	0	0	4	11	667,950
Totals		**41**	**0**	**0**	**15**	**41**	

(1) Estimated base price as of October 21, 2025 and does not include lot upgrades, premiums or concessions and incentives which may be offered.
Source: Richmond American.

Richmond American's development expectations described above are based on its current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined 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. Additionally, homes under contract may not result in closed escrows as sales contracts are subject to cancellation. See "BOND OWNERS' RISKS – Concentration of Ownership" and " – Property Values and Property Development."

Financing Plan. Richmond American intends to finance the acquisition, development and home construction costs related to its development in Improvement Area No. 2 using internal sources, which may include funding from its parent company SHUS and home sales proceeds from its project in Improvement Area No. 2. However, home sales revenues from Richmond American's activities in Improvement Area No. 2 are not segregated and set aside for completing its development activities in Improvement Area No. 2.

No assurance can be given that amounts necessary to fund the remaining planned development by Richmond American in Improvement Area No. 2 will be available when needed. Neither Richmond American nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Richmond American in the District. Any contributions by Richmond American or any other entity or person to fund such costs are entirely voluntary. Richmond American has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes.

If and to the extent that the aforementioned sources are inadequate to pay the costs to complete the remaining planned development by Richmond American in Improvement Area No. 2 and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed development by Richmond American or to pay ad valorem property taxes or Special Taxes related to Richmond American's property in Improvement Area No. 2 and the remaining portions of such development may not be completed. Many factors beyond Richmond American's control, or a decision by Richmond American to alter its current plans, may cause the actual sources and uses to differ from the projections. See "BOND OWNERS' RISKS – Property Values and Property Development."

Beazer Homes

General. As previously defined in this Official Statement, "Beazer Homes" is Beazer Homes Holdings, LLC, a Delaware limited liability company. Beazer Homes is a subsidiary of Beazer Homes USA, Inc., a Delaware corporation ("**Beazer Homes Corp**").

Beazer Homes Corp's common stock is publicly traded on the NYSE under the symbol "BZH." Beazer Homes Corp is a national homebuilder in the United States, operating in more than a dozen states and having its headquarters in Atlanta, Georgia. Beazer Homes Corp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act"**) and in accordance therewith files reports, proxy statements, and other information, including financial statements, with the SEC. 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 Beazer Homes Corp. The address of such Internet web site is www.sec.gov/edgar/search-filings. All documents subsequently filed by Beazer Homes Corp 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 Beazer Homes Corp's Annual Report and each of its other quarterly and current reports, including any amendments, are available from its website at www.beazer.com. *The website addresses here are given for reference and convenience only. The information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

Development Plan. Beazer Homes plans to construct a total of 83 single-family detached homes in Improvement Area No. 2, to be marketed as "Arista," as a 2nd phase of its larger development in the area. The lots are approximately 5,775 square feet. Beazer Homes anticipates its first occupancy in July 2027.

Beazer Homes – "Arista"
(83 LDR lots)
(as of October 21, 2025)

Floor Plans	Approx. Square Footage Range	Total Units Planned	Units Completed, Sold, and Closed	Units Completed and Unsold or in Escrow	Units Under Construction(2)	Finished Lots(2)	Estimated Initial Base Price(1)
Ash	1,655	10	0	0	0	0	$540,990
Hazel	2,038 – 2,334	19	0	0	0	0	595,990
Cypress	2,260 – 2,278	15	0	0	0	0	600,990
Maple	2,481 – 2,492	19	0	0	0	0	630,990
Walnut	2,804 – 3,090	20	0	0	0	0	675,990
Totals		**83**	**0**	**0**	**0**	**0**	

(1) Estimated initial base price as of October 21, 2025 and does not include lot upgrades, premiums or concessions and incentives which may be offered.
(2) Phase 2 construction is planned to commence in March/April 2026.
Source: Beazer Homes.

Beazer Homes' development expectations described above are based on Beazer Homes' current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans 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. Beazer Homes reserves the right to change its development plans 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 by the homebuyer. See "BOND OWNERS' RISKS – Property Values and Property Development – Risks of Real Estate Secured Investments Generally."*

Financing Plan**.** Beazer Homes intends to finance the acquisition and development of its homes within Improvement Area No. 2 using internal sources (which may include funding from its parent company and home sales proceeds).

No assurance can be given that amounts necessary to fund the planned development by Beazer Homes in Improvement Area No. 2 will be available when needed. Neither Beazer Homes nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Beazer Homes in Improvement Area No. 2. Any contributions by Beazer Homes or any other entity or person to fund the costs of such development are entirely voluntary. Beazer Homes has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Beazer Homes' control, or a decision by Beazer Homes to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Beazer Homes' parent company, is inadequate to pay the costs to complete the planned development by Beazer Homes within Improvement Area No. 2 and other financing by Beazer Homes is not put into place, there could be a shortfall in the funds required to complete the proposed development by Beazer Homes in Improvement Area No. 2 and the remaining portions of Beazer Homes' project in Improvement Area No. 2 may not be developed. See "BOND OWNERS' RISKS – Property Values and Property Development" herein.

VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2

The value of taxable property within Improvement Area No. 2 is a critical factor in determining the investment quality of the Bonds. The remedy for non-payment of the Special Tax is potential foreclosure of the delinquent real property. The City has obtained both the Fiscal Year 2025-26 assessed valuation of taxable property in Improvement Area No. 2 and an appraised value of such property, as described herein.

Assessed Valuation

As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect the estimate of the County Assessor (the "**Assessor**") of market value when acquired (or 1975, whichever is later), possibly increased by up to 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by up to 2% per year.

The following table provides assessed valuations of taxable property in Improvement Area No. 2 for Fiscal Year 2025-26.

Table 1
Improvement Area No. 2 Assessed Valuation(1)
Fiscal Year 2025-26

Fiscal Year	Land Assessed Value	Improvement Assessed Value	Total Assessed Value	Building Permits Issued (1) (2)
2025-26	$30,437,538	$0	$30,437,538	0

(1) Represents the number of parcels for which a building permit for new construction was issued prior to June 1 of the prior fiscal year. As of June 1, 2025, 0 building permits have been pulled. No special tax was levied for fiscal year 2025-26.
(2) As of October 21, 2025, the date of value, 33 building permits have been pulled. Assumes no further development.
Source: Sacramento County Assessor's Office, Goodwin Consulting Group, inc.

Appraised Values

General. The value of taxable property within Improvement Area No. 2 is a critical factor in determining the investment quality of the Bonds. In order to obtain a more accurate estimate of the value of land in Improvement Area No. 2, the City ordered preparation of an appraisal report (the "**Appraisal**"), of the estimated value of the taxable land within Improvement Area No. 2 as of the October 21, 2025 date of value. The Appraisal was prepared by Integra Realty Resources, Sacramento, California (the "**Appraiser**"). The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, conditions and qualifications which are set forth in the Appraisal. For additional background, see APPENDIX B hereto.

Value Estimate. The appraised valuation excludes the value of all portions of the property in Improvement Area No. 2 designated for public and quasi-public purposes and assumes completion of infrastructure funded by the Bonds and accounts for the impact of the lien of the

Special Tax. The following estimate represents the market value of the property to be subject to the Special Tax, based on the hypothetical condition certain impact fees to be financed by the Bonds have been paid.

The value estimate for the property as of the date of value, using the methodologies described in the Appraisal and subject to the limiting and hypothetical conditions and general and special assumptions set forth in the Appraisal is $45,852,000.

The Appraiser's valuation process began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within each community. In valuing the residential lots, both a land residual analysis and a discounted cash flow analysis that considers home prices and costs were utilized, leading to an estimate of residual land value, and a sales comparison approach. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value was concluded. The two approaches are then reconciled into an opinion of market value per improved lot. It should be noted that benchmarks are utilized for lot categories and adjustments to the benchmark lot values are considered, as applicable.

Table 2
Appraised Value by Ownership
As of October 21, 2025

Ownership	Lots/ Homes	Lot/Home Value	Permit and Fees	Value per Component	Market Value
Woodside/Richmond American Homes					
Finished Lots					
Lot Category A	56	$194,000	--	$194,000	$10,864,000
Lot Category B	43	200,000	--	200,000	8,600,000
Homes Under Construction					
Lot Category A	7	194,000	$85,300	279,300	1,955,000
Lot Category B	26	200,000	85,300	285,300	7,418,000
Market Value - Woodside Homes/Richmond American	**132**				**$28,837,000**
Beazer Homes					
Finished Lots	83	$205,000	--	205,000	$17,015,000
Market Value – Beazer Homes	**83**				**$17,015,000**
Total Market Value	**215**				**$45,852,000**

* "Not less than" valuations based on smallest floorplan offered.
Source: The Appraisal.

Hypothetical Condition. The market value estimated by the Appraiser is based on a hypothetical condition. A hypothetical condition is defined by USPAP as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of the analysis." It is a hypothetical condition of the Appraisal that the proceeds from the Bonds will be used to fund certain improvements. The estimate of market value accounts for the impact of the lien of the Special Taxes securing the Bonds.

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of limiting conditions and standard and extraordinary assumptions which affect the estimates as to value, including, among others, the following.

- The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, The Appraiser reserves the right to modify the value conclusions.

- The valuation analysis did not include review of a current title report of all properties to determine any possible conditions of title affecting the properties appraised. The Appraiser accepts no responsibility for matters pertaining to title.

- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events involving hazardous material reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "BOND OWNERS' RISKS – Land Values" and "– Hazardous Substances" below. See "APPENDIX B – The Appraisal" hereto for a description of certain assumptions made by the Appraiser.

Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain conditions and assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout Improvement Area No. 2; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the City has no control over the market value of the property within Improvement Area No. 2 or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "–Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "BOND OWNERS' RISKS" herein.

Value to Special Tax Burden Ratios

The principal amount of the direct and overlapping debt in Improvement Area No. 2 is $10,737,982*, which consists of the estimated principal amount of Bonds ($10,000,000*) and $737,982 of overlapping general obligation and CFD bond debt. Consequently, the estimated value of property in Improvement Area No. 2 subject to the Special Tax lien ($45,852,000), is

* Preliminary; subject to change.

approximately 4.3* times the principal amount of the direct and overlapping debt in Improvement Area No. 2. This is an average, and individual parcels may vary considerably from this average.

In comparing the value of the real property within Improvement Area No. 2 to the principal amount of the Bonds and other direct and overlapping debt for Improvement Area No. 2, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within Improvement Area No. 2 cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within Improvement Area No. 2 unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of Improvement Area No. 2 could, without the consent of the City and in certain cases without the consent of the owners of the land within Improvement Area No. 2, impose additional taxes or assessment liens on the land within Improvement Area No. 2. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within Improvement Area No. 2 through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by a developer of property in Improvement Area No. 2 or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within Improvement Area No. 2, however, will be in a junior position to the lien of the Special Tax.

The land within Improvement Area No.2 is located within the boundary of an Elk Grove Unified School District community facility district, pursuant to which an annual special tax of approximately $200 per parcel will be levied following issuance of a building permit. As additional development occurs in Improvement Area No. 2 the Elk Grove USD CFD lien amount may be larger than what is shown.

Value-to-lien Ratios by Development Status. The following table shows the projected status of development and value-to-lien ratios by village in Improvement Area No. 2 for Fiscal Year 2026-27, based on the status of development as of October 21, 2025 and assuming no further development. Value-to-lien ratios on individual parcels may vary considerably from any average.

Table 3
Value-to-Lien Ratios by Appraisal Status
Projected for Fiscal Year 2026-27

Appraisal Status (1)	No. of Parcels	Appraised Value (2)	Projected FY 2026-27 Maximum Special Tax	Projected FY 2026-27 Special Tax Levy (3)	Percent of Projected Special Tax Levy	CFD Bonds* (4)	Overlapping Debt (5)	Total Debt*	Average Appraised Value-to-Lien*
Woodside / Richmond American Homes									
Finished Lots									
Lot Category A	56	$10,864,000	$108,310	$96,860	17.4%	$1,736,403	$172,173	$1,908,575	5.7
Lot Category B	43	$8,600,000	$120,030	$107,340	19.2%	$1,924,281	$153,629	$2,077,909	4.1
Homes Under Construction									
Lot Category A	7	$1,955,000	$13,539	$13,539	2.4%	$242,708	$21,521	$264,229	7.4
Lot Category B	26	$7,418,000	$72,576	$72,576	13.0%	$1,301,074	$114,294	$1,415,368	5.2
Subtotal	**132**	**$28,837,000**	**$314,455**	**$290,315**	**52.0%**	**$5,204,466**	**$461,616**	**$5,666,082**	**5.1**
Beazer Homes									
Finished Lots									
Lot Category C	83	$17,015,000	$299,127	$267,504	48.0%	$4,795,534	$276,365	$5,071,900	3.4
Total	**215**	**$45,852,000**	**$613,582**	**$557,819**	**100.0%**	**$10,000,000**	**$737,982**	**$10,737,982**	**4.3**

* *Preliminary; subject to change.*
(1) Appraisal status is based on the Appraisal Report and as of the October 21, 2025 the date of value.
(2) Appraised values were allocated to the individual parcels based on the expected development and lot status for each parcel, as reported in the Appraisal. The allocated appraised values may not be indicative of the market values of the communities or the individual lots.
(3) As of October 21, 2025, the date of value, 33 building permits have been pulled. Assumes no further development.
(4) Includes debt service due in 2027 on the Bonds and estimated administrative expenses in the amount of $30,000. Includes the $10,000,000* par amount of the Bonds. Allocated based on the fiscal year 2026-27 special tax levy.
(5) Includes the overlapping debt liens listed under Direct and Overlapping Tax and Assessment Debt in the overlapping debt report prepared by California Municipal Statistics, Inc. The overlapping debt report is based on the parcels and assessed values as of fiscal year 2025-26. Does not include any PACE liens secured by assessments or special taxes on the property.
Sources: Piper Sandler & Co.; Integra Realty Resources, Inc.; California Municipal Statistics, Inc.; Goodwin Consulting Group, Inc.

Value-to-lien Ratios By Category. The following table sets forth the projected value-to-lien ratios by category for parcels in Improvement Area No. 2 for Fiscal Year 2026-27.

Table 4
Value-to-Lien Ratio Ranges
Projected for Fiscal Year 2026-27

Appraised Value-to-Lien Category	No. of Parcels	Appraised Value (1)	Projected FY 2026-27 Special Tax Levy (2)*	Percent of Projected Special Tax Levy*	CFD Bonds(3)*	Overlapping Debt (4)*	Total Debt*	Average Appraised Value-to-Lien*
5:1 to 10:1	89	$20,237,000	$182,975	32.8%	$3,280,185	$307,988	$3,588,173	5.6
3:1 to 5:1	126	$25,615,000	$374,844	67.2%	$6,719,815	$429,994	$7,149,809	3.6
Total	**215**	**$45,852,000**	**$557,819**	**100.0%**	**$10,000,000**	**$737,982**	**$10,737,982**	**4.3**

* *Preliminary; subject to change.*
(1) Appraised values were allocated to the individual parcels based on the expected development and lot status for each parcel, as reported in the Appraisal. The allocated appraised values may not be indicative of the market values of the communities or the individual lots.
(2) As of October 21, 2025, the date of value, 33 building permits have been pulled. Assumes no further development. Includes debt service due in 2027 on the Bonds and estimated administrative expenses in the amount of $30,000.
(3) Includes the $10,000,000* par amount of the Bonds. Allocated based on the fiscal year 2026-27 special tax levy.
(4) Includes the overlapping debt liens listed under Direct and Overlapping Tax and Assessment Debt in the overlapping debt report prepared by California Municipal Statistics, Inc. The overlapping debt report is based on the parcels and assessed values as of fiscal year 2025-26. Does not include any PACE liens secured by assessments or special taxes on the property.
Sources: Piper Sandler & Co.; Integra Realty Resources, Inc.; California Municipal Statistics, Inc.; Goodwin Consulting Group, Inc.

Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within Improvement Area No. 2, and payment of the Special Tax is secured by a lien on certain real property within Improvement Area No. 2. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Mello-Roos Act, regardless of when they are imposed on the property in Improvement Area No. 2. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The City, the County and certain other public agencies are authorized by the Mello-Roos Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within Improvement Area No. 2. In addition, property owners can voluntarily agree to incur Property Assessed Clean Energy (PACE) liens on their properties.

There can be no assurance that the developers will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the City or the developers.

Private liens, such as deeds of trust securing loans obtained by developers of land in Improvement Area No. 2, may be placed upon property in Improvement Area No. 2 at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Set forth below is a statement of direct and overlapping public bonded debt (the "**Overlapping Debt Report**") prepared by California Municipal Statistics, Inc. The Overlapping Debt Report includes only such information as has been reported to California Municipal

Statistics, Inc. by the issuers of the debt described therein and by others. The Overlapping Debt Report is included for general informational purposes only. Neither the City nor the Underwriter makes any representation as to its completeness or accuracy.

The first column in the table names each public agency which has outstanding bonded debt as of the date of the report and whose territory overlaps Improvement Area No. 2 in whole or in part. The second column shows the assessed value of the area common to Improvement Area No. 2 and the other public agency (overlapping territory), as a percentage of the total assessed value of the other public agency. This percentage, multiplied by the total outstanding bonded debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in Improvement Area No. 2. In addition to the bonded debt shown in the Overlapping Debt Report, various local agencies, including the City, levy additional parcels charges, assessments and special taxes on parcels in Improvement Area No. 2. See the sample tax bill at Table 6 for estimated amounts of these parcel charges, assessments and special taxes for Fiscal Year 2025-26.

The Overlapping Debt Report does not include PACE debt secured by assessments or special taxes on any property. According to the Special Tax Consultant, none of the parcels within Improvement Area No. 2 currently have a PACE lien.

Table 5
Direct and Overlapping Indebtedness
As of December 1, 2025

2025-26 Local Secured Assessed Valuation: $30,437,538

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 12/1/25**	
Los Rios Community College District General Obligation Bonds	0.010%	$ 31,320	
Elk Grove Unified School District General Obligation Bonds	0.054	224,754	
Elk Grove Unified School District Community Facilities District No. 1	0.246	432,651	
Sacramento Metro Fire District General Obligation Bonds	0.031	49,256	
City of Rancho Cordova Community Facilities District No. 2022-1, I.A. 2	**100.000**	**0**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$737,982	
OVERLAPPING GENERAL FUND DEBT:			
Sacramento County General Fund Obligations	0.012%	$ 9,735	
Sacramento County Pension Obligation Bonds	0.012	24,397	
Sacramento County Board of Education Certificates of Participation	0.012	139	
Elk Grove Unified School District Certificates of Participation	0.054	5,350	
City of Rancho Cordova Certificates of Participation	0.207	21,783	
Sacramento Metropolitan Fire General Fund Obligations	0.031	2,067	
Sacramento Metropolitan Fire Pension Obligation Bonds	0.031	6,219	
Cordova Recreation and Park District General Fund Obligations	0.134	7,024	
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$76,714	
Less: Sacramento County supported obligations		984	
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$75,730	
GROSS COMBINED TOTAL DEBT		$814,696	(2)
NET COMBINED TOTAL DEBT		$813,712	

Ratios to 2025-26 Local Secured Assessed Valuation:

Direct Debt ($0)..0.00%
Total Direct and Overlapping Tax and Assessment Debt 2.42%
Gross Combined Total Debt..2.68%
Net Combined Total Debt...2.67%

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

Estimated Tax Burden on a Single-Family Home

The following table sets forth the estimated total tax burden on a single-family home within Lot Category B and Lot Category C, as described in the Rate and Method for Improvement Area No. 2, based on maximum tax rates for Fiscal Year 2025-26.

Table 6
Sample Tax Bill
Fiscal Year 2025-26

		Lot Category B (1)	Lot Category C (2)
Net Taxable Value		**Amount**	**Amount**
Estimated Market Values (3)		$575,000.00	$625,000.00
Less: Homeowner's Exemption		(7,000.00)	(7,000.00)
Net Taxable Value		$568,000.00	$618,000.00
Ad Valorem Property Taxes(4)	**Rate**	**Amount**	**Amount**
Base Property Tax	1.0000%	$5,680.00	$6,180.00
Sacramento Metro Fire GOB	0.0098%	$55.66	$60.56
Los Rios College General Obligation Bond	0.0208%	$118.14	$128.54
Elk Grove Unified General Obligation Bond	0.0249%	$141.43	$153.88
Total Ad Valorem Property Taxes	**1.0555%**	**$5,995.24**	**$6,522.99**
Parcel Charges, Assessments, and Special Taxes (4)(5)		**Amount**	**Amount**
Water and Drainage Studies - SCWA 13		$6.92	$6.92
Elk Grove USD CFD No. 1		$200.00	$200.00
Rancho Cordova CFD No. 2018-2		$148.42	$148.42
CRPD CFD No. 2018-1		$630.68	$630.68
Transit Related Services Zone 2		$85.20	$85.20
Rancho Cordova Lighting District 2012-1		$2.56	$2.56
Rancho Cordova CFD 2014-2		$556.54	$556.54
Rancho Cordova CFD No. 2013-2		$683.70	$683.70
Arista Del Sol IA 2 CFD No. 2022-1 (6)		$2,736.66	$3,533.28
Total Parcel Charges, Assessments, and Special Taxes		**$5,050.68**	**$5,847.30**
Total Taxes		**$11,045.92**	**$12,370.29**
Total Effective Tax Rate		**1.92%**	**1.98%**

* *Preliminary; subject to change.*
(1) The Developer estimates average home pricing at $670,000 within Lot Category B which would result in a total effective tax rate of 1.80%.
(2) The Developer estimates average home pricing at $729,000 within Lot Category C which would result in a total effective tax rate of 1.85%.
(3) Represents the estimated home values included in the Appraisal.
(4) Based on fiscal year 2025-26 charges identified on the Sacramento County-issued property tax bills. Charges subject to change in future years.
(5) Does not include any PACE liens secured by assessments or special taxes on the property.
(6) Equal to the applicable Maximum Special Tax rate in fiscal year 2025-26.
Sources: Sacramento County Tax Collector's Office; Goodwin Consulting Group, Inc.

Special Tax Collections and Delinquencies

Fiscal Year 2026-27 will be the first fiscal year during which the Special Tax will be levied in Improvement Area No. 2. Accordingly, there is no history of collections and delinquencies. The levy of Special Taxes in Improvement Area No. 2 is currently covered by the Teeter Plan in the County. See "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure –Teeter Plan."

BOND OWNERS' RISKS

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

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the 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 Bonds.

Concentration of Ownership

As of October 21, 2025, all of the land within Improvement Area No. 2 was owned by the Merchant Builders. Although there will be transfers of ownership of this property as development progresses and home sales are closed, the timely payment of the Bonds depends upon the willingness and ability of all of the owners of taxable property within Improvement Area No. 2 to pay the Special Taxes when due. The only assets of the owners of property within Improvement Area No. 2 which constitute security for the Bonds are such owners' real property holdings located within Improvement Area No. 2, and each parcel may only be foreclosed against for delinquent Special Taxes levied against such parcel. If the current landowners choose to pay some but not all of the Special Taxes, they may, as owners of parcels in Improvement Area No. 2, choose to default on payments of the Special Tax on parcels. Also see "– Bankruptcy Delays" below.

Development of undeveloped property within Improvement Area No. 2 may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the homebuilder or other property owners to pay the Special Taxes when due. Certain infrastructure improvements remain to be completed in order for homes to be completed on the timeline currently expected by the Merchant Builders. No assurance can be given that the proposed residential development will be partially or fully completed, and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and only partially improved.

Appraised Values

The Appraisal summarized in APPENDIX B estimates the market value of certain taxable property within Improvement Area No. 2. This market value is merely the present opinion of the Appraiser and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer as of the date of valuation, 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 considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affect the estimates as to value. In addition, the appraised value is based on the hypothetical condition that the improvements to be financed by the Bonds are in place as of the date of inspection. See APPENDIX B.

In addition, the opinion is a present opinion of the Appraiser as of the indicated date of value. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the appraised property in Improvement Area No. 2 could be sold in a foreclosure for the estimated market value contained in the Appraisal. Such sale is the primary remedy available to Bondowners if that property should become delinquent in the payment of Special Taxes.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area No. 2.

Limitation on Maximum Annual 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 Bonds.

In addition to the maximum annual Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Mello-Roos 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 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because 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 in Improvement Area No. 2 subject to a Special Tax 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 in Improvement Area No. 2 subject to a Special Tax and their proportionate share of debt service on the 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 in Improvement Area No. 2 subject to a Special Tax 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.

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 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure" and in the Mello-Roos Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is 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 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

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 the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within Improvement Area No. 2. 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.

Overlapping Tax Districts. The land in Improvement Area No. 2 is also located within the boundaries of various local agencies that could issue debt in the future payable from special taxes or other amounts levied on the parcels in Improvement Area No. 2; this would decrease the value to lien ratios of parcels in Improvement Area No. 2.

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. 2 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 Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See “SECURITY FOR THE BONDS – Reserve Fund,” and “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

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 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure”); and increasing the levy of Special Taxes against non-delinquent property owners in Improvement Area No. 2, to the extent permitted under the Rate and Method and the Mello-Roos Act and to the extent the Special Taxes are not already being levied at the Maximum Annual Special Tax rate.

Any future decline in home values in Improvement Area No. 2 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.

Property Values and Risks Related to Development

The value of taxable property within Improvement Area No. 2 is a critical factor in determining the investment quality of the 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, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in Improvement Area No. 2.

Current Challenges to the Homebuilding Industry. No assurances can be given that the timing of construction of homes and/or sale of homes to individual homeowners projected by the Merchant Builders in this Official Statement will be accomplished. Due to the current state of world affairs, the pace of homebuilding and sale of homes to individual homeowners in Improvement Area No. 2 may be adversely affected by a variety of factors, including rising interest rates, inflation and changes in economic conditions, increases in certain construction costs, droughts and water shortages or other environmental factors, workforce shortages and supply chain disruptions. Further, the recent increases in interest rates may slow the demand for new residential homes and a combination of historically high new home prices and rising interest rates may price some homebuyers out of entry-level homes. High inflation could force prospective homebuyers to account for other costs over purchasing a new home at a higher interest rate. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Appraised Values – Currently Changing Market Conditions" above.

Although such factors are not currently having a significant impact on the overall development of homes in Improvement Area No. 2, the impacts caused by such factors are evolving and no prediction can be made with respect to the ultimate effects of these factors on Merchant Builders' ability to sell and close homes in Improvement Area No. 2. These external factors, if and as they arise, could have a material adverse effect on the ability to develop the homes in Improvement Area No. 2 as planned, and no assurance can be provided that Merchant Builders will be able to (a) complete in whole or in any part, or within any particular time, its construction of homes within Improvement Area No. 2; (b) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers and shortages or delays in the delivery of building materials; or (c) sell homes, and close home sales or not experience purchase contract cancellations, due to an economic downturn driven by rising interest rates, inflation or other changes in economic conditions.

***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 areas in and surrounding Improvement Area No. 2, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "IMPROVEMENT AREA NO. 2 – Description and Location."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Land in Improvement Area No. 2 is t in a moderate fire hazard zone for wildfires, landslides, floods, or tornadoes, natural disasters such as these are unpredictable and may occur anywhere throughout the State, with devastating consequences. In particular, large fires have impacted other parts of the City and County in recent years. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Droughts. The State is subject from time-to-time to drought conditions, which could have an impact on future development in Improvement Area No. 2. Drought conditions have been present in the State numerous times in the recent past. Although much of the State, including property in the City, is now out of the worst drought category, the City cannot predict when worsening drought conditions and concomitant water-reduction requirements will return, what effect drought conditions could have on property values, or whether or to what extent water reduction requirements may affect the development of Improvement Area No. 2.

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.

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.

Endangered and Threatened Species. It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although the Merchant Builders believe that no federally listed endangered or threatened species would be affected by the proposed development within Improvement Area No. 2, other than any that are permitted by the entitlements already received (which allow for the impact of development and specify the mitigation required), the discovery of an endangered plant or animal could delay development of vacant property in Improvement Area No. 2 or reduce the value of undeveloped property.

Future Property Development

Continuing development of the parcels in Improvement Area No. 2 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, changes in law, and other similar factors. Development in Improvement Area No. 2 may also be affected by development in surrounding areas, which may compete with the property in Improvement Area No. 2.

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 table in the section entitled "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 –Priority of Lien" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels in Improvement Area No. 2 subject to a Special Tax. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels in Improvement Area No. 2 subject to a Special Tax. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels in Improvement Area No. 2 subject to a Special Tax.

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 in Improvement Area No. 2 subject to a Special Tax and may be secured by a lien on a parity with the lien of the Special Tax securing the 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 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 Mello-Roos 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. 2 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 BONDS – Rate and Method."

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

FDIC. In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 2 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 Mello-Roos Act and a Rate and Method which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Act.

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. 2 in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement as defined in the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within Improvement Area No. 2. If the 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 Bonds under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the annual Maximum Annual Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy 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 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 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 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 Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in Improvement Area No. 2 continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund 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 Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on that property. The court upheld the priority of unpaid *ad valorem* taxes imposed before the bankruptcy petition (the “pre-petition taxes”), but unpaid taxes imposed after the filing of the bankruptcy petition (“post-petition taxes”) were declared to be unsecured “administrative expenses” of the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

According to the court’s ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit's holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") passed by Congress during the later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition" by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within Improvement Area No. 2 who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term *"ad valorem* taxes."

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. 2 or the lending of money secured by property in Improvement Area No. 2. The Mello-Roos Act and the City's Mello-Roos Act Goals and Policies 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 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 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondowner is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bondowner and will be entitled to exercise all rights and remedies of Bondholders, in accordance with its procedures and rules.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the 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 Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional redemption, mandatory sinking fund redemption or special mandatory redemption upon prepayment of the Special Taxes. See "THE BONDS – Redemption."

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

IRS Audit of Tax-Exempt Bond Issues

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

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 Bonds.

Proposition 218 – Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID 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 XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA 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 XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Special 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 bond authorization for Improvement Area No. 2 were each authorized by not less than a two-thirds vote of the landowners within Improvement Area No. 2 who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Case Law Related to the Mello-Roos Act Voting

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the "**CCFD**") established by the City of San Diego. The CCFD is a financing district established under the City's charter (the "Charter") and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

At the election to authorize the CCFD special tax, the CCFD proceedings limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel was located. Registered voters in the City of San Diego were not permitted to vote. This definition of the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed community facilities district whose property would be subject to the special tax.

The *San Diego* Court held that the CCFD special tax election did not comply with the City's Charter and with applicable provisions of the California Constitution -- specifically Article XIIIA, section 4 ("Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district….") and Article XIIIC, section 2(d) ("No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.") -- because the electors in the CCFD election should have been the registered voters residing within the CCFD (the boundaries of which were coterminous with the boundaries of the City of San Diego).

As to Improvement Area No. 2, there were fewer than 12 registered voters within Improvement Area No. 2 at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court's holding does not apply to the special tax election in Improvement Area No. 2.

Moreover, Sections 53341 and 53359 of the Act establish a limited period of time in which special taxes levied under the Mello-Roos Act may be challenged by a third party:

> 53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters….
>
> 53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act] … shall …. be commenced within 30 days after the voters approve the issuance of the bonds or the special tax …

Section 53326(b) of the Mello-Roos Act defines the authorized voters for an election in which the special taxes will be levied on residential property: "Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax…."

Landowner voters approved the Special Taxes and the issuance of bonds for Improvement Area No. 2 in compliance with all applicable requirements of the Mello-Roos Act and, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired. Because the *San Diego* Court expressly stated that it did not consider the facts presented by Improvement Area No. 2 and the District, and because the period for challenging the Special Taxes has passed, the City believes the Special Taxes are valid and cannot be challenged.

Secondary Market for Bonds

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

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

Pandemic Diseases

In recent years and particularly as a result of the COVID-19 pandemic, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and Special Tax payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

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 Improvement Area No. 2, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the City, Improvement Area No. 2 and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within Improvement Area No. 2, including the Merchant Builders and individual homeowners, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

LEGAL MATTERS

Legal Opinion

The legal opinion of Jones Hall LLP, as Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX E.

Jones Hall LLP has also served as Disclosure Counsel to the City. Meyers Nave, A Professional Law Corporation, Sacramento, California, will pass upon certain legal matters for the City as its City Attorney. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter.

No Litigation

At the time of delivery of the 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 (i) in any way questions the powers of the City Council or the City, (ii) in any way questions the validity of any proceeding taken by the City Council in connection with the issuance of the Bonds, (iii) wherein an unfavorable decision, ruling or finding could have a material adverse effect on the transactions contemplated by the purchase contract with respect to the Bonds, (iv) 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 or Improvement Area No. 2, or the issuance of the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement or the purchase contract with respect to the Bonds, (v) to the knowledge of the City, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes, or (vi) in any other way questions the status of the Bonds under State tax laws or regulations.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate 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 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 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 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 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 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 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 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the 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 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the 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 bond premium is not deductible for federal income tax purposes. Owners of premium 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 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 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 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 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 Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

CONTINUING DISCLOSURE

The City

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to Improvement Area No. 2 by not later than nine months after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2024-25 fiscal year (due by April 1, 2026) (provided that the City Annual Report due by April 1, 2026 shall be satisfied by the posting of this Official Statement and the City's audited financial statements for Fiscal Year 2024-25), and to provide notices of the occurrence of certain enumerated events. Additionally, the Merchant Builders have covenanted for the benefit of owners of the Bonds to provide certain information by April 1 and October 1 of any fiscal year (commencing April 1, 2026) with respect to the property owned by it and its Affiliates (as defined in the Continuing Disclosure Certificate) within Improvement Area No. 2 (the "**Developer Semi-Annual Report**") to owners of the Bonds (so long as it is responsible for a certain percentage of the Special Taxes), as described in the Developer Semi-Annual Report, and to provide notices of the occurrence of certain enumerated events.

The City Annual Report and the Developer Semi-Annual Report and notices of listed events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City 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 by the City and the Semi-Annual Reports for Woodside is summarized in "APPENDIX F – Form of Continuing Disclosure Undertakings."

A review of the City's compliance with prior continuing disclosure undertakings in the last five years indicates that the City has been in compliance during such period, other than being two days late on a financial statements filing..

The City retains Goodwin Consulting Group, Inc. to serve as dissemination agent with respect to the filings to be made with respect to the Bonds and its other undertakings under the Rule.

Woodside

Woodside is not an obligated party under the Rule but has voluntarily agreed to provide semi-annual continuing disclosure for the benefit of Bondowners. Woodside will enter into a Continuing Disclosure Certificate (Developer) covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur until such time as Woodside, together with its Affiliates (as defined in the Continuing Disclosure Certificate (Developer), is responsible for less than 20% of the Special Tax or collectively owns less than [___] residential lots in Improvement Area No. 2 subject to the Special Tax.

Woodside's Northern California Division is the division which will be responsible for complying with its obligations under its continuing disclosure certificate. Woodside has advised the City that, based on a review of prior continuing disclosure obligations in Northern California, Woodside has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years. [**Confirm**]

Richmond American

Richmond American is not an obligated party under the Rule but has voluntarily agreed to provide semi-annual continuing disclosure for the benefit of Bondowners. Richmond American will enter into a Continuing Disclosure Certificate (Developer) covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur until such time as Richmond American, together with its Affiliates (as defined in the Continuing Disclosure Certificate (Developer), is responsible for less than 20% of the Special Tax or collectively owns less than [___] residential lots in Improvement Area No. 2 subject to the Special Tax.

Richmond American's Northern California division will be responsible for compliance with its obligations under its continuing disclosure certificate. Richmond American has advised the City that its Northern California division Richmond American has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district bond issues in Northern California within the past five years. [**Confirm**]

Beazer Homes

Beazer Homes is not an obligated party under the Rule but has voluntarily agreed to provide semi-annual continuing disclosure for the benefit of Bondowners. Beazer Homes will enter into a Continuing Disclosure Certificate (Developer) covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur until such time as Beazer Homes, together with its Affiliates (as defined in the Continuing Disclosure Certificate (Developer), is responsible for less than 20% of the Special Tax or collectively owns less than [___] residential lots in Improvement Area No. 2 subject to the Special Tax.

Based on a review of prior continuing disclosure obligations in Northern California, Beazer Homes has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years.

NO RATING

The City has not obtained a formal credit rating on the Bonds and does not anticipate obtaining one on the Bonds in the future. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment.

UNDERWRITING

The Bonds are being purchased by Piper Sandler & Co., as underwriter (the "**Underwriter**"), at a purchase price of $____________ (which represents the aggregate principal amount of the Bonds ($____________), [plus/minus][net] original issue [premium/discount] of $____________, and less an Underwriter's discount of $____________).

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

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

PROFESSIONAL FEES

In connection with the issuance of the Bonds, some or all of fees or other compensation payable to certain professionals is contingent upon the issuance and delivery of the Bonds. Those professionals include:

- Piper Sandler & Co., as the Underwriter;
- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- Kutak Rock LLP, as Underwriter's Counsel;
- Goodwin Consulting Group, Inc., as Special Tax Consultant;
- NHA Advisors, LLC, as Municipal Advisor; and
- U.S. Bank Trust Company, National Association, as Fiscal Agent for the Bonds.

EXECUTION

The execution and delivery of the Official Statement by the City has been duly authorized by the City Council, acting as the legislative body of the District and Improvement Area No. 2.

CITY OF RANCHO CORDOVA

By: ________________________________
Administrative Services Director

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B

THE APPRAISAL

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX D

SACRAMENTO COUNTY AND CITY OF RANCHO CORDOVA DEMOGRAPHIC INFORMATION

*The following information concerning the City of Rancho Cordova (the "**City**") and the County of Sacramento (the "**County**") is included only for the purpose of supplying general information regarding the area of the City and County. The 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. The City was incorporated on July 1, 2003, is located in the northeastern portion of the County, 10 miles east of downtown Sacramento and 90 miles northeast of San Francisco. Organized as a General Law City under State law, the City operates under the Council-Manager form of government with five members elected to the Council, one of which serves as mayor for a year.

The County. The County was incorporated in 1850 as one of the original 27 counties of the State. The County's largest city, the City of Sacramento, serves as the seat of government for both the County and the State. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento Metropolitan Statistical Area ("**SMSA**"), which includes Sacramento, El Dorado, and Placer Counties.

The County encompasses approximately 994 square miles in the northern portion of the Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. The County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of the County has direct access to San Francisco Bay.

Population

The following table lists population estimates for the City, the County and the State for the last five calendar years, as of January 1, 2025.

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO
AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2021 through 2025, as of January 1

Calendar Year	City of Rancho Cordova	County of Sacramento	State of California
2021	79,712	1,581,162	39,369,530
2022	80,554	1,577,672	39,179,680
2023	81,851	1,583,676	39,228,444
2024	82,837	1,596,281	39,420,663
2025	85,451	1,604,745	39,529,101

Source: State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Folsom MSA was 5.4 percent in August 2025, down from a revised 5.6 percent in July 2025, and above the year-ago estimate of 5.1 percent. This compares with an unadjusted unemployment rate of 5.8 percent for California and 4.5 percent for the nation during the same period. The unemployment rate was 5.2 percent in El Dorado County, 4.7 percent in Placer County, 5.5 percent in Sacramento County, and 5.8 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry for the Sacramento MSA for calendar years 2020 through 2024.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento-Roseville-Folsom MSA
(El Dorado, Placer, Sacramento and Yolo Counties)
March 2024 Benchmark
Annual Averages

	2020	2021	2022	2023	2024
Civilian Labor Force (1)					
Employment	1,018,500	1,054,600	1,096,600	1,114,500	1,125,600
Unemployment	96,800	71,400	43,000	48,900	55,100
Unemployment Rate	8.7%	6.3%	3.8%	4.2%	4.7%
Wage and Salary Employment (2)					
Agriculture	8,300	9,000	8,600	9,000	8,900
Goods Producing	106,800	113,200	118,200	115,900	117,000
Mining and Logging	500	500	500	500	400
Construction	70,200	74,900	77,100	74,900	76,500
Manufacturing	36,100	37,700	40,600	40,600	40,100
Wholesale Trade	26,600	26,900	28,300	28,400	28,200
Retail Trade	95,100	100,600	100,300	98,900	97,500
Trade, Transportation & Utilities	34,300	37,500	40,800	41,700	41,500
Transportation, Warehousing & Utilities	10,200	10,100	10,500	10,000	9,400
Information	34,800	34,100	33,000	29,900	28,800
Finance & Insurance	16,900	17,700	18,800	18,200	17,800
Real Estate & Rental & Leasing	132,600	137,200	139,800	136,000	134,900
Professional & Business Services	164,000	168,800	175,600	187,300	198,900
Educational & Health Services	83,900	93,600	108,700	112,400	112,200
Leisure & Hospitality	31,000	33,300	36,100	38,200	39,200
Other Services	14,800	14,500	14,400	14,500	14,800
Federal Government	121,700	127,300	129,800	134,300	136,600
State Government	98,900	98,400	102,700	107,200	111,600
Local Government	8,300	9,000	8,600	9,000	8,900
Total, All Industries	979,800	1,021,900	1,065,500	1,081,900	1,097,300

(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.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Annual Comprehensive Financial Report for fiscal year ending June 30, 2024.

CITY OF RANCHO CORDOVA
Principal Employers
As of June 2024

Employer	Number of Employees	Percent of Total Employment
VSP Global	1,600	3.32%
Franklin Templeton	1,200	2.49
Cordova Folsom Unified School District	1,017	2.11
Accentcare Home Health	727	1.51
Health Net Federal Services	700	1.45
The Permanente Medical Group	559	1.16
Kaiser Foundation Hospitals	497	1.03
Plexus Optix, Inc	428	0.89
Nidec Motor Corporation	400	0.83
Automotive Importing Manufacturing	303	0.63

Source: City of Rancho Cordova, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

Major Employers

The following table lists the major employers within the County as of November 2025, in alphabetical order.

COUNTY OF SACRAMENTO
Major Employers
As of November 2025

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Agreeya Solutions Inc	Folsom	Information Technology Services
American River College	Sacramento	Junior-Community College-Tech Institutes
Ampac Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
California State Univ Scrmnt	Sacramento	Schools-Universities & Colleges Academic
Colliers International Ltd	Sacramento	Real Estate
Department-Corrections-Rehab	Sacramento	State Govt-Correctional Institutions
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Outplacement Consultants
Environmental Protection Agcy	Sacramento	State Government-Air/Water/Solid Waste Manage
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/Mfrs)
Sacramento Municipal Utility	Sacramento	Utility Contractors
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
SMUD	Sacramento	Utility Contractors
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc	Sacramento	Real Estate Loans
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
Villara	Mcclellan	Building Contractors
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd Edition.

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 period 2021 through 2025.

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2021 through 2025

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2021	City of Rancho Cordova	$2,040,016	$62,867
	County of Sacramento	45,067,224	62,945
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Rancho Cordova	$2,246,178	$68,685
	County of Sacramento	51,287,459	70,279
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Rancho Cordova	$2,533,621	$71,022
	County of Sacramento	51,865,551	70,001
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Rancho Cordova	$2,710,561	$78,751
	County of Sacramento	55,595,639	76,261
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Rancho Cordova	$2,846,188	$80,412
	County of Sacramento	56,462,729	77,174
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during the first two quarters of calendar year 2025 in the City were reported to be $954,742,316, a 7.70% decrease from the total taxable sales of $1,034,341,118 reported during the first two quarters of calendar year 2024.

CITY OF RANCHO CORDOVA
Taxable Transactions
(Dollars in Thousands)

	Retail and Food Services Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2020	1,512	$1,089,203	2,788	$1,655,571
2021	1,404	1,341,515	2,597	1,983,873
2022	1,429	1,390,475	2,682	2,171,811
2023	1,400	1,376,732	2,634	2,109,504
2024	1,420	1,395,249	2,692	2,058,816

Source: California Department of Tax and Fee Administration.

Total taxable sales during the first two quarters of calendar year 2025 in the County were reported to be $17,765,059,567, a 1.90% increase over the total taxable sales of $17,433,708,537 reported during the first two quarters of calendar year 2024.

COUNTY OF SACRAMENTO
Taxable Transactions
(Dollars in Thousands)

	Retail and Food Services Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2020	28,055	$18,488,106	45,361	$27,173,406
2021	25,936	23,795,032	42,482	33,918,020
2022	26,589	24,679,703	44,158	36,511,260
2023	25,913	24,289,157	43,252	35,778,877
2024	26,277	24,776,206	44,359	36,004,024

Source: California Department of Tax and Fee Administration.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95670

OPINION: $___________ City of Rancho Cordova
Arista Del Sol Community Facilities District No. 2022-1
Improvement Area No. 2, Special Tax Bonds, Series 2026

Members of the City Council:

We have acted as bond counsel to the City of Rancho Cordova (the "City") in connection with the delivery by the City of the above-referenced bonds (the "Bonds"), issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, *et seq.* (the "Act"), and pursuant to a Fiscal Agent Agreement, dated as of January 1, 2026, by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent Agreement"). We have examined the Act, an executed copy of the Fiscal Agent Agreement and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Fiscal Agent Agreement and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is duly organized and existing under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein, and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City.

3. The Fiscal Agent Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms.

4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on and pledge of the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and the other sources pledged for the security of the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest

on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, opinions, and covenants referenced above.

Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE
(City)

$________
CITY OF RANCHO CORDOVA
ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2026

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the City of Rancho Cordova, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "City"), in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of January 1, 2026 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, 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 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 April 1 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means Goodwin Consulting Group, 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 Rancho Cordova Arista Del Sol Community Facilities District No. 2022-1.

"EMMA System" means the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with the Rule.

"*Improvement Area No. 2*" means Improvement Area No. 2 of the District.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Piper Sandler & Co., as the initial underwriter of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for the 2024-25 fiscal year (provided that the City Annual Report due by April 1, 2026 shall be satisfied by the posting of this Official Statement and the City's audited financial statements for Fiscal Year 2024-25), provide to the MSRB through the EMMA System 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). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(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 in a timely manner to the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, a notice to such effect.

(c) The Dissemination Agent shall:

(1) 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

(2) 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) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

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 (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR IMPROVEMENT AREA NO. 2 AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items, indicating information as of the previous September 30th, with respect to the Bonds:

(1) Principal amount of Bonds outstanding under the Fiscal Agent Agreement.

(2) Balance in Reserve Fund.

(3) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent year, and whether the Special Tax levy is covered by the Teeter Plan.

(4) Status of foreclosure proceedings and summary of results of foreclosure sales, if any.

(5) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available without charge to the City).

(6) Aggregate assessed value for all parcels in Improvement Area No. 2.

(7) Until the fiscal year in which the Special Tax levied on the developed property in Improvement Area No. 2 is greater than or equal to the annual debt service on the Bonds, the number of building permits issued by the City for single family residential homes in such fiscal year in Improvement Area No. 2.

(c) For so long as there is any owner of property in Improvement Area No. 2 whose properties collectively represent 10% or more of the Special Taxes, the following information regarding the status of development in Improvement Area No. 2:

(1) Significant amendments to land use entitlements.

(2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the City.

(3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in Improvement Area No. 2 for the current (as of the date of the report) fiscal year.

(4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.

(d) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer 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.

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) Rating Changes.
(7) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
(8) Modifications to rights of security holders, if material.
(9) Bond calls, if material, and tender offers.

(10) Defeasances.

(11) Release, substitution, or sale of property securing repayment of the securities, if material.(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for a definition of "financial obligation," see clause (e)).

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

(b) Whenever the City obtains knowledge of 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 through the EMMA System, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(9) and (10) 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 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. Whenever the City obtains knowledge of the 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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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 such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Goodwin Consulting Group, Inc.

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 Bonds, or type of business conducted;

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

(c) the proposed amendment or waiver either (1) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (2) 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 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(b).

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. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

Section 12. 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 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 13. 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 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 Bonds.

Section 14. 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 Bonds and shall create no rights in any other person or entity.

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: _________, 2026

CITY OF RANCHO CORDOVA for and on behalf of CITY OF RANCHO CORDOVA ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1

By: ________________________________
Authorized Officer

AGREED AND ACCEPTED:
GOODWIN CONSULTING GROUP,
as Dissemination Agent

By: ____________________________________
Name: _____________________________
Title: ____________________________________

CONTINUING DISCLOSURE CERTIFICATE
(Developer)

Relating to:

$________
CITY OF RANCHO CORDOVA
ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2026

THIS CONTINUING DISCLOSURE CERTIFICATE (Developer) (the "Disclosure Certificate") dated as of __________, 2026, is executed and delivered by Beazer Homes Holdings, LLC,, a Delaware limited liability company the "Developer") in connection with the issuance by the City of Rancho Cordova (the "City") of the above-referenced bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of January 1, 2026 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). The Developer covenants and agrees as follows:

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

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

"Affiliate" means with respect to the Developer, means any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of Improvement Area No. 2 and investment decision regarding the Bonds (i.e., information regarding such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency). For purposes hereof, the term "control" (including the terms "controlling," "controlled by" or "under common control with") means the present possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Assumption Agreement" means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner's development and financing plans with respect to Improvement Area No. 2), whereby such Major Owner or Affiliate agrees to provide Periodic Reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in Improvement Area No. 2 owned by such Major Owner and its Affiliates and, at the option of the

Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

"Dissemination Agent" means the entity acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Developer, the City, and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate. The Initial Dissemination Agent is the Developer.

"District" means the City of Rancho Cordova Arista Del Sol Community Facilities District No. 2022-1.

"EMMA" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

"Improvement Area No. 2" means Improvement Area No. 2 of the District.

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

"Major Owner" means, as of any Report Date, a Person that, together with such Person's Affiliates, is either responsible for 20% or more of the Special Tax or collectively owns 56 or more residential lots in Improvement Area No. 2.

"Official Statement" means the final official statement executed by the City in connection with the issuance of the Bonds.

"Participating Underwriter" means Piper Sandler & Co., the original underwriter of the Bonds.

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

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Property" means the real property in Improvement Area No. 2 that is owned by (i) the Developer, (ii) any Affiliate of the Developer.

"Report Date" means April 1 and October 1 of any fiscal year. If, in any year, the Report Date falls on a Saturday, Sunday, or a holiday, such Report Date shall be extended to the next following day that is not a Saturday, Sunday, or holiday.

"Special Taxes" means the special taxes levied on taxable property in Improvement Area No. 2.

Section 3. <u>Provision of Periodic Reports</u>.

(a) So long as the Developer's obligation under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing April 1, 2026, file or cause to be filed with EMMA a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic 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 Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent (if different than the Developer) does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to EMMA by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to EMMA in the format prescribed by the MSRB, with a copy to City and the Participating Underwriter.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with EMMA and file a report with the Developer (if the Dissemination Agent is other than the Developer), the City and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with EMMA.

Section 4. Content of Periodic Reports. The Developer's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit A relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from EMMA. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, the Developer's Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as the Developer's obligation under this Disclosure Certificate has not been terminated pursuant to Section 6 below, the Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes on the Property or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes on the Property or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with EMMA, with a copy to the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as the Developer, together with its Affiliates, is responsible for less than 20% of the Special Tax or collectively own less than [___] residential lots in Improvement Area No. 2 subject to the Special Tax, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property in Improvement Area No. 2 owned by such Major Owner and its Affiliates may be assumed by such Major Owner or by an Affiliate thereof, and if so assumed the Developer's obligations hereunder with respect to such portion of the Property will be terminated. In order to effect such an assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement. If not so assumed, the Developer shall report the information, as applicable to the transferee, required herein so long as the transferee is a Major Owner.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Developer. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Participating Underwriter and the Developer.

Section 8. No Amendment. The Developer may not amend this Disclosure Certificate.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Participating Underwriter and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance. Neither the Developer nor the Dissemination Agent shall have any liability to any holder or beneficial owner of the Bonds or any other party for monetary damages or financial liability of any kind whatsoever arising from or relating to this Disclosure Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and 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 loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent (if other than the Developer) shall be paid compensation for its services provided hereunder in accordance with its 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 Developer, the Fiscal Agent, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by regular, overnight or electronic mail as follows:

To the Developer

Beazer Homes Holdings, LLC
2990 Lava Ridge Court, Suite 110
Roseville, CA 95661
Attention: Tina McCauslin
Email: tina.mccauslin@beazer.com

To the City:

City of Rancho Cordova
Attn: CFD Administrator
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Email: Kjuran@cityofranchocordova.org
mmingay@cityofranchocordova.org

To the Participating Underwriter:

Piper Sandler & Co.
3626 Fair Oaks Boulevard, Suite 100
Sacramento, CA 95864
Email: Dennis.McGuire@psc.com

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 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (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 Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

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

[Remainder of Page Intentionally Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Builder has executed this Disclosure Certificate as of the date first above written.

BEAZER HOMES HOLDINGS, LLC,
a Delaware limited liability company

By: Lucas C. Wissmann,
President Divisional – Northern California

EXHIBIT A

PERIODIC REPORT

Relating to:

$_________
CITY OF RANCHO CORDOVA
ARISTA DEL SOL COMMUNITY FACILITIES DISTRICT NO. 2022-1
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2026

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Developer) (the "Disclosure Certificate") dated ________, 2026 executed by Beazer Homes Holdings, LLC, a Delaware limited liability company (the "Developer") in connection with the issuance of special tax bonds by the City of Rancho Cordova (the "City") with respect to the City of Rancho Cordova Arista Del Sol Community Facilities District No. 2022-1 (the "District").

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of ____________________ (this date must be not more than 60 days before the date of this Periodic Report).

A. Property currently owned by the Developer or its Affiliates (if any) in Improvement Area No. 2 (the "Property"):

Development name: _______

Number of lots (acreage if not subdivided): _______

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds under the heading "OWNERSHIP OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Beazer Homes" or the Periodic Report last filed in accordance with the Disclosure Certificate:

____

____

C. Status of building permits, and any significant amendments to land use or development entitlements for the Property described in the Official Statement for the Bonds or the Periodic Report last filed in accordance with the Disclosure Certificate:

____

____

D. Status of any land purchase contracts with regard to Property, including sales of land in Improvement Area No. 2 to other property owners (other than individual homeowners).

____

____

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Developer 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 Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement.

____

____

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading "OWNERSHIP OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Beazer Homes" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

____

____

V. Other Material Information

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

____

Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated:____________

BEAZER HOMES HOLDINGS, LLC,
a Delaware limited liability company

By: Lucas C. Wissmann,
President Divisional – Northern California

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("**DTC**"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. 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 Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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.

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 will 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. A Beneficial Owner will give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and will effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. 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.

11. 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.

12. 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.