CITY OF ONTARIO

Regular City Council/Housing Authority Meeting
NOVEMBER 7, 2023

City Hall
303 East B Street, Ontario, CA 91764

MAYOR PAUL S. LEON • MAYOR PRO TEM DEBRA DORST-PORADA
COUNCIL MEMBERS ALAN D. WAPNER, JIM W. BOWMAN AND RUBEN VALENCIA

CITY CLERK SHEILA MAUTZ • TREASURER JAMES R. MILHISER
CITY MANAGER SCOTT OCHOA • CITY ATTORNEY RUBEN DURAN

WELCOME TO A MEETING OF THE ONTARIO CITY COUNCIL

All documents for public review are on file with the Records Management/City Clerk's Department located at 303 East B Street, Ontario, CA 91764.

Anyone wishing to speak in person during public comment or on a particular item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Clerk will not accept blue slips after that time. To comment by email, submit your comments no later than 4:00 p.m. on the day of the meeting by emailing your name, agenda item you are commenting on and your comments to publiccomments@ontarioca.gov. All comments received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter and will be entered into the record.

Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.

In accordance with State Law, remarks during public comment are to be limited to subjects within Council's jurisdiction. Remarks on other agenda items will be limited to those items.

Remarks from those seated or standing in the back of the chamber will not permitted. All those wishing to speak including Council and Staff need to be recognized by the Chair before speaking.

ACCOMODATIONS

If you need special assistance or accommodations to participate in this meeting, please contact the City Clerk's office at 909-395-2009. Notification of 48 hours prior to the meeting will help the City make reasonable arrangements. Equipment for the hearing impaired is available in the Records Management Office.

ORDER OF BUSINESS

The regular City Council and Housing Authority meeting begins with Closed Session and Closed Session Comment at 5:30 p.m., Public Comment at 6:30 p.m. immediately followed by the Regular Meeting and Public Hearings. No agenda item will be introduced for consideration after 10:00 p.m. except by majority vote of the City Council.

CALL TO ORDER *(OPEN SESSION)*

ROLL CALL

Dorst-Porada, Wapner, Bowman, Valencia, Mayor/Chairman Leon

INFORMATION RELATIVE TO POSSIBLE CONFLICT OF INTEREST

Agenda item contractors, subcontractors and agents may require member abstentions due to conflict of interests and financial interests. Council Member abstentions shall be stated under this item for recordation on the appropriate item.

CLOSED SESSION PUBLIC COMMENT

The Closed Session Public Comment portion of the Council/Housing Authority meeting is limited to a maximum of 3 minutes for each speaker and comments will be limited to matters appearing on the Closed Session. Additional opportunities for further Public Comment will be given during and at the end of the meeting.

CLOSED SESSION

GC 54956.9 (d)(1), CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION
City of Ontario v. Ashish Kumar Patel

GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Chino Basin Municipal Water District v. City of Chino et al., San Bernardino Superior Court Case No. RCVRS 51010, 4th District Appellate Case Nos. E079052, E080533, E080457

ATTACHMENT: 20231107 Closed Session

PLEDGE OF ALLEGIANCE

Council Member Wapner

INVOCATION

Pastor Martin Chavez, First Fundamental Bible Church Ontario

REPORT ON CLOSED SESSION

City Attorney

PUBLIC COMMENTS 6:30 P.M.

The Public Comment portion of the Council/Housing Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, Council is prohibited from taking action on oral requests.

To comment by email, submit your comments by email no later than 4:00 p.m. on the day of the meeting by emailing your name, agenda item you are commenting on and your comment to publiccomments@ontarioca.gov. All Comments received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter and entered into the record. As previously noted -- if you wish to address the Council, fill out one of the blue slips at the rear of the chambers and give it to the City Clerk.

AGENDA REVIEW/ANNOUNCEMENTS

The City Manager will go over all updated materials and correspondence received after the Agenda was distributed to ensure Council Members have received them. He will also make any necessary recommendations regarding Agenda modifications or announcements regarding Agenda items to be considered.

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below – there will be no separate discussion on these items prior to the time Council votes on them, unless a member of the Council requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the City Council on items listed on the Consent Calendar will be given a total of 3 minutes.

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1. **APPROVAL OF MINUTES**

Minutes for the regular meetings of the City Council and Housing Authority of October 3, 2023 and approving same as on file in the Records Management Department.

ATTACHMENT: 20231003 Minutes (Not official until approved).docx

2. **BILLS & PAYROLL**

Bills September 29, 2023 through October 19, 2023, and Payroll September 24, 2023 through October 7, 2023.

3. **A RESOLUTION ORDERING THE SUMMARY VACATION OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES LOCATED AT THE SOUTHEAST CORNER OF EUCLID AVENUE AND EAST D STREET**

That the City Council adopt a Resolution ordering the summary vacation of an easement for public utility purposes located at the southeast corner of Euclid Avenue and East D Street.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ORDERING THE SUMMARY VACATION OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES LOCATED AT THE SOUTHEAST CORNER OF EUCLID AVENUE AND EAST D STREET

ATTACHMENT: 20231107 Vacation 309^01 EXH 1.pdf
ATTACHMENT: 20231107 Vacation 309^02^RESO^RM
ATTACHMENT: 20231107 Vacation 309^03 RESO EXH A - B.pdf

4. **AN AMENDMENT TO THE AGREEMENT WITH CONVERGINT TECHNOLOGY, LLC, FOR THE SUPPORT OF SECURITY CAMERAS, DOOR ACCESS SYSTEMS AND CITY FACILITY EMERGENCY NOTIFICATIONS.**

That the City Council authorize the City Manager or his designee to execute Amendment No. 1 to the current Agreement with Convergint Technology, LLC, of Anaheim, California, to include the CCTV Intersection Camera Installation, Citywide Camera Refresh and Expansion, and the City Facilities Notification, Emergency, and Overhead Paging System projects in the amount not-to-exceed $3,551,364.

ATTACHMENT: Amendment 1_Convergint Technologies LLC.pdf

5. **FISCAL YEAR 2023-24 FIRST QUARTER BUDGET UPDATE REPORT**

That the City Council approve the budget adjustments and recommendations as presented in the Fiscal Year 2023-24 First Quarter Budget Update Report (Exhibit A).

ATTACHMENT: FY 2023-24 First Quarter Budget Update Report_EXHIBIT A.pdf

6. **AN AMENDMENT TO THE DESIGN SERVICES AGREEMENT WITH ROBERT BORDERS AND ASSOCIATES FOR ON-CALL ARCHITECTURAL DESIGN SERVICES FOR THE ARMSTRONG COMMUNITY CENTER ROOF RESTORATION PROJECT**

That the City Council take the following actions:

A. Authorize the City Manager or his designee to execute Amendment No. 18 to the Design Services Agreement with Robert Borders and Associates, of Costa Mesa, California, for the Armstrong Community Center Roof Restoration Project in the amount of $40,303 for a not-to-exceed contract amount of $622,842; and
B. Authorize the City Manager or his designee to execute all documents required for the completion of the project including, but not limited to, contracts, agreements, assessments, easements, reduction of retention accounts, and filing a notice of completion at the conclusion of all construction related activities.

ATTACHMENT: Amend. 18 Robert Borders & Associates
ATTACHMENT: Armstrong Community Center Proposal-R1.pdf

7. APPROVE WEST COAST LIGHTS AND SIRENS, INC. AS AN AUTHORIZED SUPPLIER AND AWARD A GOODS & SERVICES AGREEMENT FOR FLEET VEHICLE EQUIPPING

That the City Council take the following actions:

A. Approve West Coast Lights and Sirens, Inc., of Riverside, California, as an authorized supplier for current and future purchases and installation of electronics and equipment associated with the routine replacement of City fleet vehicles; and
B. Authorize the City Manager or his designee to execute a Goods and Services Agreement with West Coast Lights and Sirens, Inc., of Riverside, California, for fleet vehicle equipping for a total not-to-exceed contract amount of $2,250,000 over a three-year term.

ATTACHMENT: West Coast Lights & Sirens Inc. Agreement

8. APPROVAL OF PRE-AUTHORIZED SUPPLIERS TO PROVIDE SERVICES AND PARTS FOR SPECIALIZED FLEET AND EQUIPMENT

That the City Council take the following actions:

A. Approve pre-authorized suppliers to provide parts and maintenance services for specialized fleet and equipment; and
B. Authorize the City Manager or his designee to execute contracts with each vendor for no more than the listed not-to-exceed contract amounts.

9. AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH PLACEWORKS, INC., TO PROVIDE ENVIRONMENTAL CONSULTING SERVICES FOR PHASE 2 OF THE ONTARIO PLAN (TOP) 2050 UPDATE

That the City Council approve and authorize the City Manager or designee to execute Amendment No. 4 to a Professional Services Agreement with PlaceWorks, Inc. of Santa Ana, to increase project funding by $1,625,701, for a total authorized expenditure amount of $4,935,701, to prepare the Ontario Regional Sports Complex (ORSC) Subsequent Environmental Impact Report (SEIR).

ATTACHMENT: Amendment No 4. Placeworks Inc - TOP 2050 PSA

10. AN AMENDMENT TO THE DESIGN SERVICES AGREEMENT WITH RJM DESIGN GROUP FOR ON-CALL LANDSCAPE ARCHITECTURAL SERVICES FOR THE ONTARIO MILLS LANDSCAPE DESIGN

That the City Council authorize the City Manager or his designee to execute Amendment No. 5 to the Design Services Agreement for contract No. PM 1819-1 with RJM Design Group of San Juan Capistrano, California, to provide On-Call Landscape Architectural Services for the Ontario Mills Landscape Design Project in a total amount of $102,100 and a total not-to-exceed amount of $527,100.

ATTACHMENT: Amendment No. 5 RJM Design Group PW1819-1^01.pdf

11. THE EUCLID WALNUT PLANNED UNIT DEVELOPMENT (FILE NO. PUD22-004) TO ESTABLISH DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR A 10.6-ACRE PROJECT SITE LOCATED AT THE NORTHWEST CORNER OF EUCLID AVENUE AND WALNUT STREET

That the City Council adopt an Ordinance approving the Euclid Walnut Planned Unit Development (File No. PUD22-004).

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADOPTING FILE NO. PUD22-004, THE EUCLID WALNUT PLANNED UNIT DEVELOPMENT, ESTABLISHING DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR A 10.6-ACRE PROJECT SITE GENERALLY LOCATED AT THE NORTHWEST CORNER OF EUCLID AVENUE AND WALNUT STREET, AND MAKING FINDINGS IN SUPPORT THEREOF - APNS: 1051-271-67, 1051-271-06, AND 1051-271-66.

ATTACHMENT: 20231017 File No.PUD22-004 Euclid Walnut Mixed Use CC^02 AR Attach B - PUD^ORD^RM

ATTACHMENT: File No. PUD22-004 Euclid Walnut Mixed Use CC^03 PUD Ordinance Attach A - PUD Doc

ATTACHMENT: File No. PUD22-004 Euclid Walnut Mixed Use CC^04 PUD Ordinance Attach B - COAs REV.pdf

12. ACCEPT AND APPROVE LAW ENFORCEMENT EQUIPMENT GRANT PROGRAM ADDITIONAL AWARD FOR FISCAL YEAR 2022-23

That the City Council authorize the City Manager or his designee to execute all documents necessary to accept and approve the Citizen's Option for Public Safety (COPS) / Enhancing Law Enforcement Activities Subaccount (ELEAS) Grant for Fiscal Year 2022-23 in the amount of $277,260.

ATTACHMENT: 2023-COPS-GROWTH.pdf

13. ACCEPTANCE OF GRANT AWARD FROM THE U. S. DEPARTMENT OF HOMELAND SECURITY AND THE CALIFORNIA OFFICE OF EMERGENCY SERVICES PROVIDED THROUGH THE FISCAL YEAR 2022 URBAN AREA SECURITY INITIATIVE (UASI) GRANT PROGRAM

That the City Council authorize the City Manager or his designee to execute all documents necessary to accept a three-year sub-grant award in the amount of $600,000 from the U.S. Department of Homeland Security and the California Office of Emergency Services provided through the Fiscal Year 2022 UASI Grant Program.

ATTACHMENT: OPD - UASI FY22 Award.Letter.pdf

14. AUTHORIZE A SOLE SOURCE PURCHASE OF A PUBLIC SAFETY VEHICLE FROM LDV INC.

That the City Council approve and authorize the City Manager or his designee to execute all documents necessary for the sole source purchase of a Public Safety Vehicle from LDV Inc., of Burlington, Wisconsin, in the amount of $500,030.

ATTACHMENT: LDV Public Safety Vehicle Quote.pdf

15. ACCEPTANCE OF STATE OF CALIFORNIA HOMELESS HOUSING, ASSISTANCE AND PREVENTION ROUND 3 (HHAP-3) FUNDING ADMINISTERED BY THE COUNTY OF SAN BERNARDINO TO RAPIDLY REHOUSE HOMELESS FAMILIES AND INDIVIDUALS

That the City Council accept $135,000 in HHAP-3 funding to provide eight households that are homeless in the west valley of San Bernardino County with move-in costs and up to six months' rent assistance and services to stabilize their housing.

ATTACHMENT: San Bernardino County HHAP-3 Contract

16. A RESOLUTION OF INTENTION TO RENEW THE DOWNTOWN ONTARIO COMMUNITY BENEFIT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN DISTRICT

That the City Council take the following actions:

A. Adopt a Resolution of Intention to renew the Downtown Ontario Community Benefit District and to levy and collect assessments within such District pursuant to California Streets and Highways Code 36600;
B. Direct Staff to mail the notice of public hearing and assessment ballots to all affected property owners within the proposed district boundaries.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA STATING ITS INTENTION TO RENEW THE DOWNTOWN ONTARIO COMMUNITY BENEFIT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN SUCH DISTRICT PURSUANT TO THE ESTABLISHMENT OF PROPERTY BUSINESS IMPROVEMENT DISTRICTS, SECTION 36600 OF THE CALIFORNIA STREETS AND HIGHWAY CODE, AND APPOINTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO.

ATTACHMENT: CBD Management District Plan^ 01 Attachment A
ATTACHMENT: CBD Boundary Map^02 Attachment B
ATTACHMENT: CBD Engineers Report^03 Attachment C
ATTACHMENT: Resolution of Intention Downtown PBID - 2023 Renewal^RESO^RM

17. UPDATED LEGISLATIVE PLATFORMS

That the Council approve the 2024 State and Federal Legislative Platforms.

ATTACHMENT: 2024 State Legislative Platform - Final.docx

ATTACHMENT: 2024 Federal Platform -Final .docx

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

18. A RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) SPECIAL TAX BONDS, SERIES 2023 AND RELATED MATTERS

That the City Council take the following actions:

A. Consider and adopt a Resolution authorizing the issuance of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023, in an aggregate principal amount of not-to-exceed $21 million, authorizing the execution and delivery of an indenture, a bond purchase agreement, a continuing disclosure agreement, a first amendment to acquisition and funding agreement, authorizing the distribution of an official statement and related actions;
B. Consider and adopt a Resolution of the City of Ontario making a declaration of official intent to reimburse facilities expenditures with bond proceeds and related actions;
C. Authorize the issuance of special tax bonds for public improvements required to facilitate the development of the Parkside/La Avenida project and the Ontario Ranch development;
D. Approve the forms of the Indenture, the Bond Purchase Agreement, First Amendment to Acquisition and Funding Agreement; the Continuing Disclosure Agreement, and the Preliminary Official Statement;
E. Authorize a negotiated sale of the special tax bonds to Samuel A. Ramirez & Co., in accordance with the terms of the Bond Purchase Agreement; and
F. Authorize the execution of the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, a deemed final certification in connection with the Preliminary Official Statement, a final Official Statement and other documents in connection with the issuance of the bonds by the City Manager or the other specified authorized officers.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) SPECIAL TAX BONDS, SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $21,000,000.00, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A BOND PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT AND A FIRST AMENDMENT TO ACQUISITION AND FUNDING AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT AND RELATED ACTIONS.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DECLARATION OF OFFICIAL INTENT TO REIMBURSE FACILITIES EXPENDITURES WITH BOND PROCEEDS AND RELATED ACTIONS.

ATTACHMENT:	CFD 56 Parkside La Avenida^01 Authorizing the Issuance of Bonds RESO^RM
ATTACHMENT:	CFD 56 Parkside La Avenida^02 Declaration Intent to Reimburse Facilities Expenditures RESO^RM
ATTACHMENT:	CFD 56 Parkside_La Avenida^03 Indenture.pdf
ATTACHMENT:	CFD 56 Parkside_La Avenida^04 Bond Purchase Agreement.pdf
ATTACHMENT:	CFD 56 Parkside_La Avenida^05 First Amendment to Aquisition and Funding Agreement.pdf
ATTACHMENT:	CFD 56 Parkside_La Avenida^06 Continuing Disclosure Agreement.pdf
ATTACHMENT:	CFD 56 Parkside_La Avenida^07 Preliminary Official Statement.pdf
ATTACHMENT:	CFD 56 Parkside_La Avenida^08 Appraisal Report.pdf

STAFF MATTERS

City Manager Ochoa

COUNCIL MATTERS

Mayor Leon
Mayor pro Tem Dorst-Porada
Council Member Wapner
Council Member Bowman
Council Member Valencia

ADJOURNMENT

CITY OF ONTARIO
CLOSED SESSION REPORT
City Council // Housing Authority // Other // *(GC 54957.1)*
November 7, 2023

ROLL CALL: Dorst-Porada _, Wapner _, Bowman _, Valencia _, Mayor / Chairman Leon _.

STAFF: City Manager / Executive Director __, City Attorney __

In attendance: Dorst-Porada _, Wapner _, Bowman _, Valencia _, Mayor / Chairman Leon _.

- GC 54956.9 (d)(1), CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION
  City of Ontario v. Ashish Kumar Patel

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

In attendance: Dorst-Porada _, Wapner _, Bowman _, Valencia _, Mayor / Chairman Leon _.

- GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
  Chino Basin Municipal Water District v. City of Chino et al., San Bernardino Superior Court Case No. RCVRS 51010, 4th District Appellate Case Nos. E079052, E080533, E080457

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

Reported by:

_____
City Attorney / City Manager / Executive Director

ONTARIO CITY COUNCIL/
ONTARIO HOUSING AUTHORITY
MINUTES
OCTOBER 3, 2023
(Not Official Until Approved)

JOINT MEETINGS

The regular meetings of the Ontario City Council and the Housing Authority were held on Tuesday, October 3, 2023 at Ontario City Hall, 303 E. B Street Ontario, California.

CALL TO ORDER

Mayor Leon called the joint meetings to order at 6:04 p.m.

ROLL CALL

PRESENT:	Mayor/Chairman:	Paul S. Leon
	Mayor pro Tem/Vice Chair:	Debra Dorst-Porada
	Council/Authority Members:	Ruben Valencia
ABSENT:	Council/Authority Members:	Alan D. Wapner and Jim W. Bowman

Also present were City Manager / Executive Director Scott Ochoa, City Attorney/Legal Counsel Ruben Duran, and City Clerk / Secretary Sheila Mautz.

INFORMATION RELATIVE TO POSSIBILE CONFLICTS OF INTEREST

There were no conflicts of interest announced by the City Council.

CLOSED SESSION

Mayor Leon inquired whether persons were present who wished to speak to the Closed Session items. Hearing no one, City Attorney Duran announced the matters for discussion as listed on the agenda. At 6:05 p.m. the City Council recessed to Closed Session with all members present, except Council Member Wapner and Bowman, for discussion of the following:

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
  Property: APN: 1048-481-29; City/Authority negotiator: Scott Ochoa or his designee; Negotiating parties: Dali III, LLC; Under negotiation: Price and terms of payment.

MEETING RECONVENED – OPEN MEETING

Mayor Leon reconvened the meetings at 6:30 p.m. for the regular session.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor pro Tem Dorst-Porada.

INVOCATION

The invocation was led by Pastor Victor Enoch Zesati, Victory Outreach Ontario Bilingual Church.

REPORT ON CLOSED SESSION

City Attorney Duran stated there was no reportable action.

SPECIAL CEREMONIES

PROCLAMATION OF OCTOBER 15-21, 2023 AS FRIENDS OF LIBRARIES WEEK

The City Council proclaimed the week of October 15-21, 2023 as Friends of Libraries Week.

PUBLIC COMMENTS

Assistant City Clerk Isbell announced there was one written public comment:
Brittany Goytia, regarding the restroom conditions at Ontario Motor Speedway.

Mayor Leon called upon the first speaker:

Sabrina Robles, invited Council to the Ontario Police Department's 2nd annual Open House.

Celina Lopez, spoke on the importance of public comments.

Heleena Lopez, spoke about respect.

Angelique Enriquez, spoke on her discontent with the property manager at the Ontario Townhouses.

Annette Hernandez, spoke on her discontent with the property manager at the Ontario Townhouses.

Militza Camba, spoke on her discontent with the property manager at the Ontario Townhouses.

Marisela Escoto Tafella, spoke on her discontent with the property manager at the Ontario Townhouses.

Yasmine Ramirez, asked for Council support for residents of the Ontario Townhouses.

Mayor Leon continued public comments.

AGENDA REVIEW/ANNOUNCEMENTS

City Manager Ochoa made no announcements.

CONSENT CALENDAR

MOTION: Moved by Council Member Valencia seconded by Mayor pro Tem Dorst-Porada and carried by a unanimous vote 3-0, to approve the Consent Calendar with Council Members Wapner and Bowman absent.

1. APPROVAL OF MINUTES

Approved minutes for the regular meetings of the City Council and Housing Authority of September 5, 2023, approving same as on file in the Records Management Department.

2. BILLS & PAYROLL

Approved bills September 1, 2023 through September 14, 2023 in the amount of $45,560,326.04, and Payroll August 27, 2023 through September 9, 2023 in the amount of $4,971,601.24.

3. A RESOLUTION APPROVING AN IMPROVEMENT AGREEMENT, IMPROVEMENT SECURITY AND FINAL TRACT MAP NO. 18916, LOCATED AT THE SOUTHWEST CORNER OF ARCHIBALD AVENUE AND CHINO AVENUE

The City Council adopted a Resolution approving an Improvement Agreement, Improvement Security and Final Tract Map No. 18916 located at the southwest corner of Archibald Avenue and Chino Avenue.

RESOLUTION NO. 2023-142 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING AN IMPROVEMENT AGREEMENT, IMPROVEMENT SECURITY AND FINAL TRACT MAP NO. 18916 LOCATED AT THE SOUTHWEST CORNER OF ARCHIBALD AVENUE AND CHINO AVENUE.

4. A CONSTRUCTION CONTRACT FOR WATERPROOFING AND REPAIRS FOR THE ONTARIO MUSEUM OF HISTORY & ART WITH APPLIED RESTORATION, INC.

The City Council took the following actions:

A. Rejected Preferred General Services Inc.'s protest against Applied Restoration Inc. for D&C23-012 Museum Waterproofing as non-responsive;

B. Authorized the City Manager or his designee to complete and execute a Construction Contract D&C23-012 Museum Waterproofing with Applied Restoration, Inc., of El Cajon, California, for the Ontario Museum of History & Arts Exterior Waterproofing Project for a total not-to-exceed contract amount of $557,000;
C. Authorized a 20% contingency of $111,400, for a total contract amount not-to-exceed $668,400; and
D. Authorized the City Manager or his designee to execute all documents required for the completion of the project including, but not limited to agreements, assessments, easements, reduction of retention accounts, contract amendments within the authorization limits, and filing a notice of completion at the conclusion of all construction related activities.

5. AUTHORIZE THE PURCHASE AND INSTALLATION OF FURNITURE AT 208 W. EMPORIA ST. 2ND FLOOR WITH INFO-COM BUSINESS PRODUCTS

The City Council took the following actions:

A. Authorized a Cooperative Purchase Agreement for D&C23-008 208 W. Emporia St. 2nd Floor with Margaret C. Pett DBA Info-Com Business Products (Info-Com), of Altadena, California, for the purchase and installation of furniture in the amount of $168,976 consistent with the terms and conditions of the OMNIA 2020 #R191817 and OMNIA 2022 #R221001; and
B. Authorized a 10% contingency of $16,898, for a total contract amount not-to-exceed $185,874.

6. AN AMENDMENT TO THE MAINTENANCE SERVICES AGREEMENT WITH GREENTECH LANDSCAPE, INC., FOR LANDSCAPE MAINTENANCE SERVICES FOR PARKWAYS AND MEDIANS IN THE ONTARIO RANCH AREA

The City Council authorized the City Manager or his designee to execute Amendment No. 4 to the Maintenance Services Agreement for Contract No. PM2021-2 with Greentech Landscape, Inc., of Whittier, California, to provide landscape maintenance services for a newly acquired Community Facilities District (CFD) located in the Ontario Ranch area in the amount of $105,304 for a total not-to-exceed contract amount of $1,300,918.

7. A PROFESSIONAL SERVICES AGREEMENT WITH WEST YOST & ASSOCIATES INC. TO DETERMINE LEAD SERVICE LINE INVENTORY

The City Council approved and authorized the City Manager, or designee, to execute a Professional Services Agreement with West Yost & Associates Inc., of Davis, California, for Lead Service Line Inventory: Field Identification and Materials Classification Services in the total not-to-exceed amount of $251,643 and a term from October 3, 2023 to June 30, 2024.

8. A CONSTRUCTION CONTRACT WITH GENERAL PUMP COMPANY INC. FOR

ON-CALL MAINTENANCE, REHABILITATION, INSPECTIONS, AND EMERGENCY WELL AND BOOSTER PUMP REPAIRS

The City Council approved and authorized the City Manager, or designee, to award a Construction Contract to General Pump Company Inc., of San Dimas, California, for on-call maintenance, rehabilitation, inspections, and emergency well and booster pump repairs in the amount of $800,000 for Fiscal Year 2023-24, and authorized the cost of $800,000, with up to a 5% increase per Fiscal Year (2024-25 to 2027-28) for a total not-to-exceed amount of $4,420,505, with an initial term of one (1) year, and authorized the option to extend the Contract for up to four (4) consecutive one (1) year periods, at the set pricing levels per Bid No. 1672.

9. A COMMUNITY GARDEN USE AGREEMENT WITH CARAMEL CONNECTIONS FOR PROPERTY AT ANTHONY MUNOZ PARK

The City Council authorized the City Manager, or designee, to execute a Use Agreement with Caramel Connections Foundation for a portion of real property at Anthony Munoz Hall of Fame Park, generally located at 1240 W Fourth St for agricultural purposes to enable community-supported healthy eating, active living, and education initiatives. The term of the Agreement is through October 1, 2028, with an additional five-year term option.

10. AUTHORIZE THE PURCHASE OF AN X-TREME NINJA COURSE WITH GREENFIELDS OUTDOOR FITNESS FOR JOHN GALVIN PARK

The City Council authorized the cooperative purchase of an X-Treme Ninja Course with Greenfields Outdoor Fitness for John Galvin Park in the amount of $578,640 plus a 10% contingency of $57,864 to mitigate any unforeseen issues with supply chain surcharges and manufactory price increases for a total not-to-exceed contract amount of $638,504 from Greenfields Outdoor Fitness, of Anaheim, California, consistent with the terms and conditions of the Sourcewell Cooperative Contract No. 010721-GRN.

PUBLIC HEARINGS

11. A PUBLIC HEARING REGARDING AN ECONOMIC DEVELOPMENT SUBSIDY REPORT AND OPERATING COVENANT AGREEMENT BETWEEN THE CITY OF ONTARIO AND RUSNAK/ONTARIO DBA GENESIS OF ONTARIO AND CONSIDERATION OF RESOLUTION

The City Council took the following actions:

A. Adopted a Resolution accepting the Economic Development Subsidy Report prepared pursuant to Government Code Section 53083.1 regarding an Operating Covenant Agreement with Rusnak/Ontario dba Genesis of Ontario;
B. Adopted a Resolution approving the Operating Covenant Agreement and

authorizing the City Manager or his designee to execute the Agreement; and

C. Directed City Sta to file a Notice of Exemption based upon the City Council's finding that the impacts for this Agreement is not a project and subject to environmental review and that there is no possibility that the activity in question may have a significant e ect on the environment.

RESOLUTION NO. 2023-143 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ACCEPTING THE ECONOMIC DEVELOPMENT SUBSIDY REPORT PREPARED PURSUANT TO GOVERNMENT CODE SECTION 53083 REGARDING AN OPERATING COVENANT AGREEMENT BY AND BETWEEN THE CITY OF ONTARIO AND RUSNAK/ONTARIO DBA GENESIS OF ONTARIO.

Notice of public hearing was duly given and affidavits of compliance are on file in the Records Management Department. There were no written communications.

Mayor Leon opened the public hearing and inquired if anyone was interested in speaking to the item.

Chris Robles, asked for clarification regarding tax incentives. City Manager Ochoa provided clarification.

Hearing no one else, Mayor Leon closed the public hearing and opened the item for Council discussion.

MOTION: Moved by Mayor pro Tem Dorst-Porada seconded by Council Member Valencia and carried by a unanimous vote 3-0, with Council Members Wapner and Bowman absent, to adopt Resolution No. 2023-143.

12. A PUBLIC HEARING TO CONSIDER AN AMENDMENT TO THE ONTARIO DEVELOPMENT CODE, UPDATING REGULATIONS FOR THE SHORT-TERM RENTAL OF PROPERTY IN THE CITY AND ESTABLISHING FEES FOR SHORT TERM RENTALS

The City Council continued this item to a future meeting.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

13. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING SECTION 4-6.1020 TO ARTICLE 10 OF CHAPTER 6 OF TITLE 4 OF THE ONTARIO MUNICIPAL CODE PERTAINING TO OVERSIZED VEHICLE PARKING ON PUBLIC STREETS

The City Council considered and introduced an Ordinance to amend Section 4-6.1020 to Article 10 of Chapter 6 of Title 4 of the Ontario Municipal Code pertaining to standards for oversized vehicle parking on public streets.

ORDINANCE NO. 3261 (FIRST READING) AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING SECTION 4-6.1020 TO ARTICLE 10 OF CHAPTER 6 OF TITLE 4 OF THE ONTARIO MUNICIPAL CODE PERTAINING TO OVERSIZED VEHICLE PARKING ON PUBLIC STREETS.

Mayor Leon inquired if anyone was interested in speaking to the item. Hearing no one, Mayor Leon opened the item for Council discussion.

MOTION: Moved by Mayor pro Tem Dorst-Porada seconded by Council Member Valencia and carried by a unanimous vote 3-0, with Council Members Wapner and Bowman absent, to introduce Ordinance No. 3261.

Mayor Leon continued Public Comments

Saori Castillo, was not present when called.

Sophia Castillo, was not present when called.

Mario Huante, spoke on the U.S. and State of California constitution.

Jesse Fonseca, spoke on airplane noise.

Chris Robles, spoke of unsafe traffic conditions at the Vineyard Street Bridge construction site.

STAFF MATTERS

City Manager Ochoa made no announcements.

COUNCIL MATTERS

Mayor Leon stated the need to appoint Giselle Leon to the Recreation and Parks Commission.

MOTION: Moved by Mayor Leon seconded by Mayor pro Tem Valencia and carried by a unanimous vote 3-0, with Council Members Wapner and Bowman absent, to appoint Giselle Leon to the Recreation and Parks Commission.

Council Member Valencia made no comments.

Mayor pro Tem Dorst-Porada inquired who the property owner of the Ontario Townhomes was, expressed that she understood that some facts may be inaccurate regarding public comment, and announced upcoming events.

Mayor Leon agreed with Mayor pro Tem Dorst-Porada regarding public comments.

ADJOURNMENT

Mayor Leon adjourned the meetings of the Joint Agencies at 7:20 p.m. and announced the next regular meeting was scheduled for October 17, 2023.

Respectfully submitted,

_____
SHEILA MAUTZ, CITY CLERK/SECRETARY

APPROVED:

_____
PAUL S. LEON, MAYOR/CHAIRMAN

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Engineering Prepared By: Angela Truong Staff Member Presenting: Scott Murphy, Executive Director Community Development Reviewed By: Raymond Lee, Khoi Do Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 3

SUBJECT: **A RESOLUTION ORDERING THE SUMMARY VACATION OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES LOCATED AT THE SOUTHEAST CORNER OF EUCLID AVENUE AND EAST D STREET**

RECOMMENDATION: That the City Council adopt a Resolution ordering the summary vacation of an easement for public utility purposes located at the southeast corner of Euclid Avenue and East D Street.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: There is not a direct fiscal impact associated with this action. The City did not pay to acquire the subject easement. The Developer has paid the applicable processing fees to defray any City cost to process this request.

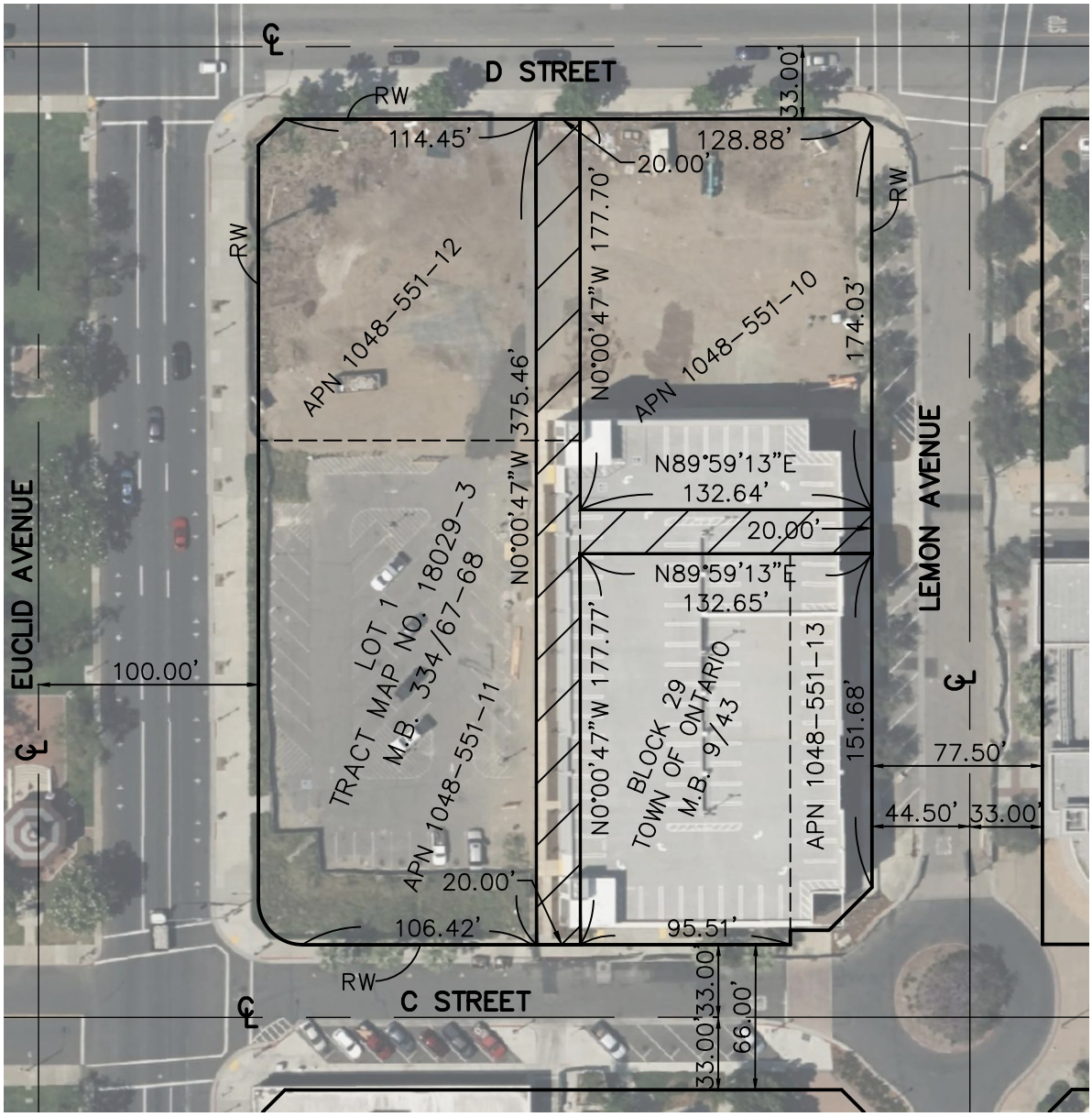
BACKGROUND & ANALYSIS: The applicant, Hutton Companies, has requested that the City vacate the existing public utility easement, as shown on Exhibit 1, to facilitate the development of the area. The subject easement is not needed for any present or future public utility purposes. There are currently no existing public utilities within the easement and the easement is determined to be excess.

Section 8333(c) of the California Streets and Highways Code authorizes the City to summarily vacate (by Resolution with no public hearing) a public service easement that has been superseded by relocation or determined to be excess, and there are no public facilities located within the easement.

This summary vacation meets the California Government Code, Streets and Highways Code, Ontario Municipal Code, and has been reviewed and approved by the City Engineer.

EXHIBIT 1

VACATION NO. V-309



LEGEND:

= INDICATES PUBLIC UTILITY EASEMENT RESERVED PER RESOLUTION NO. 2006-129, RECORDED 12/22/2006 AS DOC. NO. 2006-0881999 O.R. TO BE VACATED
AREA =10,162 SQ. FT. +\- (0.233 ACRES +\-)

—·——·— = INDICATES CENTERLINE
——— = INDICATES RIGHT OF WAY LINE
--------- = INDICATES APN LINE
APN = INDICATES ASSESSOR'S PARCEL NUMBER
℄ = CENTERLINE
RW = RIGHT OF WAY

N

SCALE 1"=80'

CASC
Engineering and Consulting
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PH. (855) 383-0101
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SITE ADDRESS
320 NORTH EUCLID AVE.
ONTARIO, CA 91762

RESOLUTION NO. _____

A RESOLUTION ORDERING THE SUMMARY VACATION OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES LOCATED AT THE SOUTHEAST CORNER OF EUCLID AVENUE AND EAST D STREET.

WHEREAS, the City Council of the City of Ontario, California, pursuant to Division 9, Part 3, Chapter 4, of the Streets and Highways Code, may summarily vacate an easement under certain conditions specified therein; and

WHEREAS, an easement for public utility purposes located at the southeast corner of Euclid Avenue and East D Street, shown on a portion of Parcel A as described in Resolution No. 2006-129, recorded December 22, 2006 as Document No. 2006-0881999, of Official Records of the County Recorder of San Bernardino County and a portion of Block 29, Town of Ontario, in the City of Ontario, County of San Bernardino, State of California, as per map recorded in Book 9 Page 49 of Maps, Official Records of Said County Recorder, is not needed for any present or future public utility or other municipal purposes and is determined to be excess; and

WHEREAS, Section 8333(c) of the California Streets and Highways Code authorizes the City to summarily vacate (by Resolution with no public hearing) a public service easement that has been superseded by relocation or determined to be excess and there are no other public utilities located within the easement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Ontario as follows:

SECTION 1. That the above recitals are true and correct.

SECTION 2. That title to the above-described said properties, more specifically described in Exhibit “A” and depicted on Exhibit “B” attached hereto, shall be vacated.

SECTION 3. That the City Clerk of the City of Ontario, California, shall cause a copy of this Resolution to be recorded in the office of the County Recorder of San Bernardino County, California.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 7th day of November 2023.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER, LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2023- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held November 7, 2023 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2023- duly passed and adopted by the Ontario City Council at their regular meeting held November 7, 2023.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

EXHIBIT "A"
VACATION NO. V-309
LEGAL DESCRIPTION

LOT 1 OF TRACT MAP NO. 18029-3, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 334 PAGES 67 AND 68, INCLUSIVE, OF OFFICIAL RECORDS OF THE COUNTY RECORDER OF SAID COUNTY.

BEING A PORTION OF PARCEL "A" AS DESCRIBED IN RESOLUTION NO. 2006-129, RECORDED DECEMBER 22, 2006 AS DOCUMENT NO. 2006-0881999, OF OFFICIAL RECORDS OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY AND A PORTION OF BLOCK 29, TOWN OF ONTARIO, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 9 PAGE 43 OF MAPS, OFFICIAL RECORDS OF SAID COUNTY RECORDER:

VACATING ALL THAT PORTION OF THE PUBLIC UTILITIES EASEMENT RESERVED IN SAID RESOLUTION NO. 2006-129 AND LYING WITHIN SAID PARCEL "A".

CONTAINING (10,162 SQUARE FEET MORE OR LESS) 0.233 ACRES MORE OR LESS.

ALL AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

SUBJECT TO ALL COVENANTS, CONDITIONS, RESERVATIONS, RESTRICTIONS, RIGHTS OF WAY, RIGHTS AND EASEMENTS OF RECORD IF ANY.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION.

Richard S. Furlong 3-9-23

RICHARD S. FURLONG, P.L.S. 8422 DATE

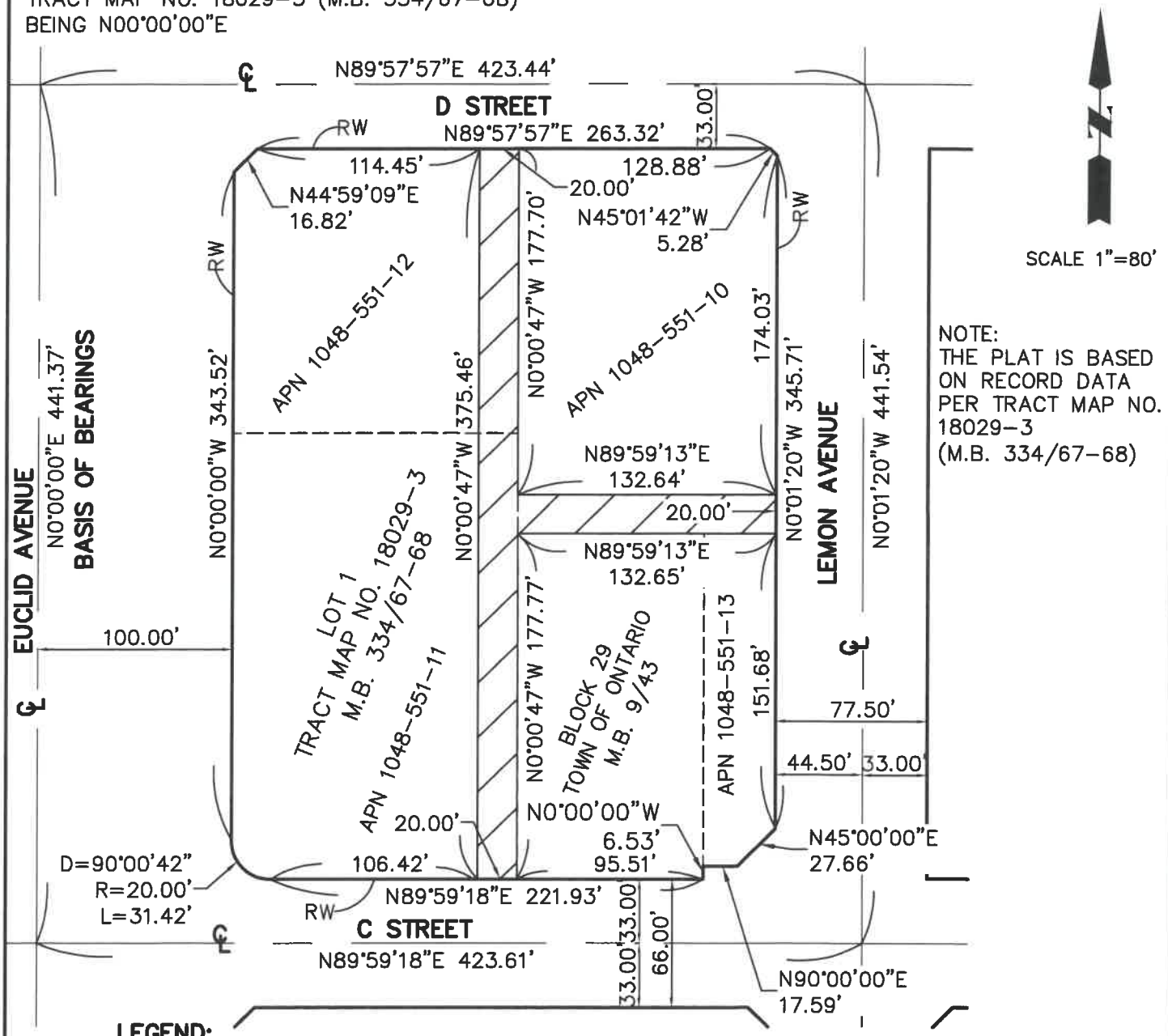


SITE ADDRESS
320 NORTH EUCLID AVE.
ONTARIO, CA 91762

BASIS OF BEARINGS:
THE BEARINGS ON THIS PLAT ARE BASED ON THE CENTERLINE OF EUCLID AVENUE AS SHOWN ON TRACT MAP NO. 18029-3 (M.B. 334/67-68) BEING N00°00'00"E

EXHIBIT "B"

VACATION NO. V-309



SCALE 1"=80'

NOTE:
THE PLAT IS BASED ON RECORD DATA PER TRACT MAP NO. 18029-3 (M.B. 334/67-68)

LEGEND:

▨ = INDICATES PUBLIC UTILITY EASEMENT RESERVED PER RESOLUTION NO. 2006-129, RECORDED 12/22/2006 AS DOC. NO. 2006-0881999 O.R. TO BE VACATED
AREA =10,162 SQ. FT. +\- (0.233 ACRES +\-)

———— = INDICATES CENTERLINE

———— = INDICATES RIGHT OF WAY LINE

---------- = INDICATES APN LINE

APN = INDICATES ASSESSOR'S PARCEL NUMBER

℄ = CENTERLINE

RW = RIGHT OF WAY

SUBJECT TO ALL COVENANTS, CONDITIONS, RESERVATIONS, RESTRICTIONS, RIGHTS OF WAY, RIGHTS AND EASEMENTS OF RECORD IF ANY.

PROFESSIONAL LAND SURVEYOR
RICHARD S. FURLONG
RSF
NO. 8422
STATE OF CALIFORNIA

CASC
Engineering and Consulting
1470 EAST COOLEY DRIVE, COLTON, CA 92324
PH. (855) 383-0101
www.cascinc.com

Richard S. Furlong 3-9-23

RICHARD S. FURLONG, P.L.S. 8422 DATE

SITE ADDRESS
320 NORTH EUCLID AVE.
ONTARIO, CA 91762

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Information Technology Prepared By: Samantha Robles Staff Member Presenting: Colin Fernandes, Executive Director Information Technology Approved By: 	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 4

SUBJECT: **AN AMENDMENT TO THE AGREEMENT WITH CONVERGINT TECHNOLOGY, LLC, FOR THE SUPPORT OF SECURITY CAMERAS, DOOR ACCESS SYSTEMS AND CITY FACILITY EMERGENCY NOTIFICATIONS.**

RECOMMENDATION: That the City Council authorize the City Manager or his designee to execute Amendment No. 1 to the current Agreement with Convergint Technology, LLC, of Anaheim, California, to include the CCTV Intersection Camera Installation, Citywide Camera Refresh and Expansion, and the City Facilities Notification, Emergency, and Overhead Paging System projects in the amount not-to-exceed $3,551,364.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner

FISCAL IMPACT: The Fiscal Year 2023-24 Adopted Budget includes appropriations from the Information Technology Projects Fund for the support of city-wide security cameras, door access, and the city facility's emergency notification and overhead paging system. The proposed Amendment to the Agreement increases the authorized contract amount of $250,518 by $3,300,846, which includes a not-to-exceed amount of $268,616 for the Access Control System upgrade, a not-to-exceed amount of $1,182,748 for the CCTV Intersection Camera Installation project, a not-to-exceed amount of $1,500,000 for the Citywide Camera Refresh and Expansion project, and a not-to-exceed amount for $600,000 for the City Facilities Notification, Emergency, and Overhead Paging System project for a total contract not-to-exceed amount of $3,551,364. The fixed billing rates specified in the current Agreement will determine the amount charged for service and reflect the actual service provided. If approved, the Police Department's CCTV Intersection Camera Installation project will be appropriated in future Fiscal Years from the Capital Projects-Measure Q Fund, and the Information Technology Projects Fund will be appropriated in future Fiscal Years from the Capital Improvement Projects fund.

BACKGROUND & ANALYSIS: On September 6, 2022, the City solicited a request for proposals (RFP #1538) to upgrade and support the City's existing door access control system. On March 7th, 2023, the City executed a five-year Agreement with Convergint Technologies LLC, of Anaheim, California, to upgrade and support the City's door access control system.

Due to the interoperability capabilities between door access control systems, security cameras, and emergency notification systems for a unified building and public safety solution, it is beneficial to the City to utilize an integrator with experience and certifications in all three technologies.

This Amendment will add services for City-wide camera replacements and expansion, including the installation of cameras at various intersections within the City, to provide high-quality video feeds for public safety and building security use. This Amendment also adds services for purchasing and installing building emergency notification systems at City facilities. The series of camera improvements and expansion will enable the City to have cameras active and ready for its brand-new Real Time Information Center (RTIC). The RTIC will assist police, fire, and public safety professionals to better assess and rapidly respond to emergencies. Staff requests Council approval for an Amendment to the Agreement for a not-to-exceed contract amount of $3,551,364.

CITY OF ONTARIO
303 EAST B STREET | ONTARIO, CALIFORNIA 91764
(909) 395-2000 FAX (909) 395-2070 OntarioCA.gov

PAUL S. LEON
MAYOR

DEBRA PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

AMENDMENT NO. 1 TO THE MAINTENANCE SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND CONVERGINT TECHNOLOGIES LLC

1. Parties and Date.

This Amendment No. 1 to the Agreement (as defined herein) is made and entered as of _____, by and between the City of Ontario ("City") and Convergint Technologies, a LIMITED LIABILITY COMPANY ("Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. Recitals.

2.1 Agreement. The City and Consultant have entered into an agreement entitled "Maintenance Services Agreement" dated April 12, 2023 ("Agreement").

2.2 Amendment Purpose. The City and Consultant desire to amend the Agreement to add scope of services and additional compensation.

2.3 Amendment Authority. This Amendment No. 1 is authorized pursuant to Section 2.1 **Contractor**, 2.2 **Project**, 3.1 **Scope of Services and Term** and Section 3.2.1 **Compensation** of the Agreement.

3. Terms.

3.1 Amendment. Section 2.1 Contractor of the Agreement is hereby amended in its entirety to read as follows:

"**2.1 Contractor**. Contractor desires to perform and assume responsibility for the provision of certain maintenance services required by the City on the terms and conditions set forth in this

Agreement. Contractor represents that it is experienced in providing **access door integration, installation, and maintenance and support services, more specifically to migrating doors the City currently is controlled by Linear E-Merge to Genetec's Synergis Access Control System, as well as providing CCTV cameras and related maintenance, changes, repairs and installation related to the physical security infrastructure for City facilities including access control, cameras, and paging/emergency notification systems** services to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the Services in the State of California, and that is familiar with the plans of City."

3.2 Amendment. Section 2.2 Project of the Agreement is hereby amended in its entirety to read as follows:

"**2.2 Project.** City desires to engage Contractor to render such services for the **Door Access and Control Replacement** project, the **CCTV Intersection Camera Installation** project, the **Citywide Camera Refresh and Expansion** project**, and the City Facilities Notification, Emergency, and Overhead Paging System** project (collectively referred to herein as the "Project") as set forth in this Agreement."

3.3 Amendment. Section 3.1.1 General Scope of Services of the Agreement is hereby amended in its entirety to read as follows:

"3.1.1 General Scope of Services. Contractor promises and agrees to furnish to City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the maintenance necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, as well as Exhibit "C", Exhibit "D", and Exhibit "E" attached to the Amendment No. 1 to this Agreement and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached to this Agreement and to Amendment No. 1 to this Agreement and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations."

3.4 Amendment. Section 3.2.1 Compensation of the Agreement is hereby amended in its entirety to read as follows:

"3.2.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibits "B" attached hereto and incorporated herein by reference and Exhibit "C", Exhibit "D", and Exhibit "E" attached to the Amendment No. 1 to this Agreement and incorporated herein by reference. The total compensation for the **Access Control System upgrade shall not exceed two-hundred twenty-five thousand two-hundred and sixty-four dollars ($225,264)** and the total compensation for the **maintenance and support shall not exceed forty-three thousand three hundred and fifty-two dollars ($43,352) for a total amount not to exceed two hundred sixty-eight thousand six hundred and sixteen ($268,616)** without written approval of the City Council or City Manager. Additionally, the total compensation for the **CCTV Intersection Camera Installation provided pursuant to Exhibit "C" shall not exceed one million one hundred and eighty-two thousand seven hundred and forty-eight dollars ($1,182,748).** Moreover, the total compensation for the

Citywide Camera Refresh and Expansion provided pursuant to Exhibit "D" shall not exceed six-hundred ninety-four thousand, eight hundred and forty-eight dollars ($694,848), total compensation for **the annual maintenance and support shall not exceed four-hundred forty-six thousand and two hundred twenty-two dollars ($446,220) and a contingency for additional cameras, repairs, and annual maintenance and support shall not exceed three hundred fifty-eight thousand and nine hundred thirty-two dollars ($358,932) for a total amount not-to-exceed one million five-hundred thousand dollars ($1,500,000)** without written approval of the City Council or City Manager**.** Lastly, the total compensation for the **City Facilities Notification, Emergency, and Overhead Paging System provided pursuant to Exhibit "E" shall not exceed six-hundred thousand dollars ($600,000)** without written approval of the City Council or City Manager. In sum, the total compensation for all Services provided, including all Services provided pursuant to Exhibits "B", "C", "D", and "E" **shall not exceed three million five hundred fifty-one thousand, three hundred sixty-four dollars ($3,551,364)** without written approval of the City Council or City Manager. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement."

3.5 Continuing Effect of Agreement. Except as amended by this Amendment No. 1, all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. 1. From and after the date of this Amendment No. 1, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. 1.

3.6 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 1.

3.7 Severability. If any portion of this Amendment No. 1 is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.8 Integration. This Amendment represents the entirety of the Parties' understanding relating to the subject of this Amendment, including written or verbal communications between the Parties, which shall have no relevance unless expressly incorporated herein. This is an integrated amendment.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR AMENDMENT NO. 1 TO MAINTENANCE SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND CONVERGINT TECHNOLOGIES LLC

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. 1 as of the day and year first above written.

CITY OF ONTARIO

Approved By:

_____
Scott Ochoa
City Manager

Approved as to Form:

_____
Best Best & Krieger LLP
City Attorney

Attested By:

_____
City Clerk

CONVERGINT TECHNOLOGIES LLC

By: _____

Its: _____

Printed Name: _____

By: _____

Its: _____

Printed Name: _____

Exhibit "A"

SCOPE OF SERVICES

convergint

ONTARIO

8 FEE PROPOSAL (LIMIT 5 PAGES)

Please provide a lump-sum, not-to-exceed fee proposal for the scope of Services. The fee proposal shall include hourly rates for all personnel for "Additional Work" (as such term is defined in the sample Agreement.

Proposal Fee
Convergint's scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regard to the data listed in the proposed exceptions section of this proposal. This proposal complies with prevailing wage labor requirements.

Scope of Work
The scope of work includes the migration of all existing Linear E-Merge card reader doors to the Genetec Synergis access control system across multiple facilities in the City, as outlined below. The project will include installing all-new head-end equipment, including Genetec Cloud Link gateways, intelligent controllers, dual reader interface modules, power supplies, and software licenses. Convergint will upgrade the existing Genetec Synergis system at the Police Department from Standard to Professional and migrate 124 existing card readers from the legacy Linear E-Merge access control system to Genetec. Convergint will test and label all existing access control cables for current card reader doors to verify the functionality before cutting over to the new system. Convergint will provide installation staff, project specialists, and project management to oversee implementation.

Convergint assumes all existing card readers, door position sensors, rex motion detectors, door release buttons, electrified door hardware, lock power supplies, and cabling for the existing card reader door locations are compatible and in good working condition. If the existing equipment is faulty or incompatible additional costs may incur.

Access Control

- Armstrong Center
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supplies, and a secure wall mount enclosure
- City Hall
  - Provide and install three (3) LSP access control panels, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- City Hall Annex
  - Provide and install two (2) LSP access control panels, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- De Anza Center
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Dorothy Quesada Center
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure

- Housing Agency
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Main Library
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Revenue Building
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Senior Center
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Westwind Community Center
  - Provide and install one (1) HID card reader, door position sensor, rex motion switch, electrification kit for the existing Von Duprin door hardware, and cabling for the new card reader relocation
  - Provide and install one (1) LSP access control panel, including Genetec Cloud Link gateway, intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure
- Genetec Software Licenses
  - Provide and install Genetec Synergis base license upgrade from Standard to Professional at the Police Department
  - Provide and install required Genetec Synergis Standard to Professional reader connection upgrade licenses
  - Provide and install the required Genetec Synergis Advantage Professional reader licenses

System Programming and Configuration
Convergint to provide programming to recreate door access groups and schedules, migrate existing cardholder credentials, synchronize cardholders with the City's existing Active Directory environment, associate card reader doors with the appropriate cameras in Genetec maps, design seven (7) badge templates in Genetec, and configure the existing Evolis Primacy badge printer to work with the new Genetec system.

Cabling
Convergint will perform a pre-test and label all existing access control cables before migrating each card reader door to the new Genetec access control system. If necessary, Convergint recommends installing a junction splice box with terminal strips for locations requiring the existing cable to be extended to reach the new access control panel location.

Training
Convergint will provide staff with one (1) eight (8)-hour onsite training session, including badge template creation, cardholder enrollment, registering proximity cards, and reporting.

Add Alternate #1 - Keypad Card Readers
Convergint has provided a separate add-alternate cost to replace 17 existing exterior perimeter door card readers with HID smart card technology keypad card readers with card plus pin capabilities.

convergint

Fee Proposal

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Scope of Work

The change order scope of work includes the additional material and labor required to complete the project based on new findings not originally known that have been discovered during the initial system audits and site inspections by the Convergint Team. The change order will include the installation of additional new head end equipment not identified or included in the original proposal. Convergint will install a replacement panel in the City Hall Kiosk Storage Room 169 and add a replacement panel and controller at the City Hall Annex MDF Room 19 (Can #3). Both locations were identified during post award of the original project. Convergint will provide installation staff, project specialists, and project management to oversee implementation.

Convergint assumes all existing card readers, door position sensors, rex motion detectors, door release buttons, electrified door hardware, lock power supplies, and cabling for the existing card reader door locations connected to these newly identified panel locations are compatible and in good working condition. If the existing equipment is faulty or incompatible additional costs may incur.

Access Control

- City Hall
  - Provide and install (1) LSP access control panels including Genetec intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure. This will be the fourth enclosure for this building.

- City Hall Annex
  - Provide and install (1) LSP access control panels including Genetec intelligent controller, dual reader interface modules, power supply, and a secure wall mount enclosure. This will be the third enclosure for this building.

Cabling

Convergint will perform a pre-test and label all existing access control cables associated with these new panel locations. If necessary, Convergint recommends installing a junction splice box with terminal strips for locations that require the existing cable to be extended in order to reach the new access control panel location.

Electrical

Currently the City of Ontario's existing access control system power supplies are connected on power strips with a power cord. Convergint will connect all power supplies directly to the nearest electrical receptacle via surface mount EMT conduit as a standard to avoid the possibility of power loss due to an accidental disconnection. Convergint has included that cost to provide conduit and connect all power supplies directly to the nearest power receptable in this change order.

Exclusions

Electrical circuits, fire-rated plywood, network racks, network switches, fiber, workstations, patch panels, network drops, lock power supplies, fire alarm connections, trenching, permits, fire-rated door recertification.

Warranty

Convergint will provide a one-year labor warranty and a one-year material warranty on equipment provided by Convergint. Provision of labor and materials after the first year will be billed on a time and material basis.

Exhibit "B"

MATERIALS

ACCESS CONTROL			
QTY	PART	DESCRIPTION	MANUFACTURER
1.00	GSC-SY-S2P-UP	Upgrade Synergis™ Base from Standard to Professional	Genetec
6.00	GSC-SY-S2P-1R-UP	Upgrade Synergis™ Reader Connection from Standard to Professional	Genetec
620.00	ADV-RDR-P-1M	Genetec™ Advantage for 1 Synergis™ Pro Reader 1 month	Genetec
10.00	SY-CLOUDLINK-G2	Synergis™ Cloud Link with 4GB of RAM, 16GB Flash, second generation, installed with Synergis™ access control firmware, four RS-485 ports, PoE.	Genetec
12.00	SY-LP1502	Mercury Intelligent Controller, Linux Based, 8In/4Out/2Rd (Software Connections included)	Genetec
50.00	SY-MR52-S3	Mercury MR52 2-reader interface module Series 3 (8 inputs, 6 relays, PCB only, software connections included)	Genetec
1.00	40NKS-00-000000	SIGNO 40,BLK/SLVR,PIG,CRD PFL STD,MA RDY,FMT:ASP10022,WIEG,32-B MSB,EM:32-B,LED:RED,FLSH:GRN,BZR,SRF:ON,IPM: OFF,VEL: OFF,TAP	HID
1.00	GRI-4402A	SW SET, IND WIDE GAP SPDT ALUM	George Risk Industries
1.00	MLRK1-VD	ELR KIT F/ 33/35 &98/99 W/RX MOTOR DRIVEN KIT WITH	Command Access
1.00	0L-KDL38B	18IN. ARMORED DOOR LOOP BROWN	ADI Lock Express
5.00	LSP-FPO75D8PE 2M	Power supply board 75W, 6A/12Vor 3A/24V	Lifesafety Power
2.00	LSP-FPO75D8PE 4M1	Power supply board 75W, 6A/12Vor 3A/24V	Lifesafety Power
5.00	LSP-FPO1502D8 PE8M2	FPO150-2D8PE8M2	Lifesafety Power
1.00	LSP-FPO2503D8 PE12M	Unified Power Systems combine FlexPowe	Lifesafety Power
0.50	444391	22-06 Unshielded Stranded Plenum Wht Jkt	Windy City Wire
1.00	4461030-500	Per 500' - 4 Element Composite Cable Plenum Ylw Jkt	Windy City Wire
1.00	MISC-HW	Miscellaneous Hardware and Consumables	ADI
		Total Project Price	**$184,898.00**
		Add Alternate #1	**$9,788.00**
		Add Alternate #2	**$12,480.00**

Customer Support Plan

Three (3)-Year Customer Support Program (CSP):

	Year 1	Year 2	Year 3
3-Year Preventative Maintenance Cost:	$8,166.00	$8,410.00	$8,663.00

	Year 4	Year 5
Additional 2-Year Preventative Maintenance Cost:	$8,923.00	$9,190.00

Repairs and New Project Installations

Municipal Customers with a Convergint Customer Support Program automatically receive priority response and a preferred flat hourly labor rate for all time and material-related service calls. This preferred flat rate, listed below, applies to work performed during the regular hours of Monday through Friday, 8:00 AM to 5:00 PM. Work performed outside of normal hours will be billed at an overtime rate of time and a half. Work performed on Sundays and holidays will be billed at double-time rates.

Time and Material

For any work to be performed outside the scope of the Preventative Maintenance Program, including repairs and new project installations, Convergint has prepared the below listed fixed rates for our municipal customers. All onsite service calls will be billed with a two (2) hour minimum and require a truck charge. Remote service calls will be billed within a one (1) hour minimum. All work requiring a bucket truck will require a two (2) man crew for safety and a bucket truck charge.

Time and Material (T&M) Rates*	
Project Manager	$180/hour
Software Specialist	$175/hour
Hardware Specialist	$160/hour
CAD/Documentation	$130/hour
Engineering	$150/hour
Truck Charge	$70/day

Bucket Truck Charge	$300/day

*Rates may be adjusted annually subject to a 3% annual increase.

Preventative Maintenance – Standard Operating Procedure (SOP) Checklists

The scope of work includes performing yearly preventative maintenance service visits. This proposal includes a high-level list of checklists we have prepared to assist the City and Convergint in aligning with the expectations of our preventative maintenance service visits.

Materials

Line	Qty	Part	Description	Manufacturer
1	ACCESS CONTROL CREDITS			
2	-3.00	LSP-FPO75D8PE2M	Power supply board 75W, 6A/12Vor 3A/24V	LifeSafety Power
3	-2.00	SY-MR52-S3	Mercury MR52 2-reader interface module Series 3 (8 inputs, 6 relays, PCB only, software connections included)	genetec
4	ACCESS CONTROL ADDS			
5	2.00	SY-LP1502	Mercury Intelligent Controller, Linux Based, 8In/4Out/2Rd (Software Connections included)	genetec
6	4.00	LSP-FPO75D8PE4M1	Power supply board 75W, 6A/12Vor 3A/24V	LifeSafety Power
7	1.00	LSP-FPO1502D8PE8M2	FPO150-2D8PE8M2	LifeSafety Power
8	0.25	4461030-500 Ylw	per 500' - 4 Element Composite Cable Plenum Ylw Jkt	Windy City Wire
9	2.00	MISC-HW	Miscellaneous Hardware and Consumables	ADI

Equipment Total	$	6,681.22
Total Labor/Other Costs	$	10,476.28
Freight/Warranty	$	422.71
Tax if Applicable	$	517.79
Total Project Price	$	18,098.00

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Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

The scope of work includes the installation of an Axis Q series 360-Degree / PTZ camera at various intersections across the City of Ontario. The project will include the installation of all cameras, mounts, wireless cellular modems, enclosures, and cabling. Convergint will provide installation staff, project specialists, and project management to oversee implementation. Convergint will provide required Genetec camera connection and ADV software licenses. All Genetec programming to be performed by the City's IT department.

Video Surveillance

- Provide and install (100) Axis Q6100-E 360 Multisensor and Q6135-LE PTZ combo camera and mount on the traffic light pole's horizontal mast directly above the traffic lanes.
- Provide and install shielded direct burial cable CAT6 network cable from the camera to the pole mount weatherproof enclosure at (50) locations.
- Convergint will provide traffic control and shut down one vehicle lane with traffic cones and signage during installation.
- Convergint will provide a bucket truck and spotter to perform aerial work at the traffic intersection.
- The city will need to provide confirmation and sign off on all camera views during installation to avoid return trips and additional costs.
- Convergint will configure static IP addresses for each device and connect to the wireless cellular modem inside the enclosure.
- The city will be responsible for networking the cameras back to the main Genetec server/archiver at the Police Department.

Wireless Network

- Provide and install (50) Cradlepoint R1900 5GB wireless routers with power supply and mount inside the weatherproof pole mount enclosure.
- Provide and install (50) Parsec PRO5IS 5-in-1 ruggedized antenna and connect to the wireless router.
- Provide and install (50) L-Com 12x10x5 120 VAC weatherproof pole mount enclosure and mount on the traffic light pole's horizontal mast.
- Electrical 110 vac power for the pole mount enclosure's receptacle to be provided and installed by others.
- The customer will be responsible for account setup and monthly subscription for wireless cellular modem.

Exclusions

Electrical circuits, conduit, backboxes, fire-rated plywood, fiber, network switches, servers, workstations, patch panels, fire alarm connections, patch and paint, trenching, permits.

Warranty

Convergint will provide a one-year labor warranty and a one-year material warranty on equipment provided by Convergint. Provision of labor and materials after the first year will be billed on a time and material basis.

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Materials

Line	Qty	Part	Description	Unit Price	Extended Price
1	TAX EXEMPT SOFTWARE LICENSES				
2	200.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$ 48.75	$ 9,750.00
3	200.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$ 238.97	$ 47,794.00
4	TAXABLE MATERIALS				
5	100.00	01711-001	Q6100-E 60Hz Out Camera, 4X5 MP Multistream D/N	$ 1,740.90	$ 174,090.00
6	100.00	01959-004	Q6135-LE PTZ camera, IR illumination (660ft) with 32x optical zoom, Autofocus and Focus Recall. HDTV 1080p @ 60fps (1920x1080)	$ 2,563.44	$ 256,344.00
7	100.00	5506-951	T91G61 Wall Mount	$ 211.93	$ 21,193.00
8	100.00	01470-001	T91B57 POLE MOUNT 100-410MM	$ 124.83	$ 12,483.00
9	100.00	5700-371	RJ45 connector push pull plug	$ 47.41	$ 4,741.00
10	50.00	6511461	Cradlepoint R1900-5GB - wireless router - WWAN - LTE, 802.11a/b/g/n/ac/ax, Bluetooth 5.1 - 5G	$ 2,199.00	$ 109,950.00
11	50.00	PRO5IS4LG-03BS	Parsec PRO5IS (Irish Setter) 5-in-1 Antenna with 4x4 MIMO 5G LTE & GPS	$ 419.00	$ 20,950.00
12	50.00	2R-4503980	CRADLEPOINT - POWER ADAPTER	$ 47.13	$ 2,356.50
13	50.00	NB121005-100	12x10x5 Inch 120 VAC Weatherproof Enclosure MPR-199862	$ 448.56	$ 22,428.00
14	50.00	HGX-PMT30	Enclosure Pole Mounting Kit - Pole Diameters 9 to 11 inches MPR-147391	$ 104.69	$ 5,234.50
15	6.00	CAT6SDB-BLK	23 AWG 4 Pair Category 6E Outdoor Black Jacket Direct Burial Shielded Outdoor High Performance Cable	$ 584.29	$ 3,505.74
16	100.00	MISC-HW	Miscellaneous Hardware	$ 225.00	$ 22,500.00

Equipment Total	$	713,319.74
Total Labor	$	328,480.00
Other Costs	$	29,999.00
Freight/Warranty	$	53,568.88
Tax if applicable	$	57,380.38
Total Project Price	$	1,182,748.00

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Clarifications and Exclusion

1. All work proposed herein, shall be performed during normal business hours Monday through Friday 7:00 am - 4:00 pm.
2. Low voltage wiring shall be installed via open air code approved methods.
3. Provision or installation of conduit, wire, boxes, fittings or other electrical installation materials have been excluded unless specifically listed under Inclusions or Bill of Materials.
4. Convergint assumes all cable pathways are sufficient to pull additional cables to the nearest traffic cabinet.
5. Permits or associated fees are not included.
6. Traffic control plan services and engineering plans have been excluded from this proposal.
7. Convergint will setup safety cones and signage to shut down one vehicle lane.
8. This is a budgetary proposal for one hundred (100) intersections; a job walk will need to be performed for all locations.
9. Customer to provide static IP addresses and network connections at panel locations.
10. Customer to provide a secured staging & storage area for project related materials.
11. Pricing assumes that electronic Auto CAD files are available from customer for our use in creating submittal drawings.
12. Twenty five percent (25%) of the proposed sell price shall be payable to Convergint for project mobilization. Mobilization shall be invoiced and due upon customer acceptance of this proposal.
13. Anything in the Contract Documents notwithstanding, in no event shall either Contractor or Subcontractor be liable for special, indirect, incidental or consequential damages, including commercial loss, loss of use, or lost profits, even if either party has been advised of the possibility of such damages.
14. Convergint reserves the right to negotiate mutually acceptable contract terms and conditions with customer by making mutually agreeable changes to the formal contract included in the Bid Documents.
15. Customer acknowledges that supply-chain and shipping difficulties may result in unavoidable delays in deliveries of materials despite timely placement of orders and efforts by Convergint and its suppliers to avoid such delays. Customer agrees to provide Convergint with reasonable extensions of time to the extent of any such delays and Convergint agrees to make reasonable efforts to avoid or minimize such delays. Customer further acknowledges that the above-referenced supply-chain and shipping difficulties may result in unanticipated increases to Convergint's proposal pricing on products covered by this quote or any resulting agreement and that such increases may occur between the time this quote is provided, or any resulting contract is executed and the time when Convergint actually purchases the products covered by this quote or a resulting agreement. Customer agrees that it will pay any such increase in Convergint's initial pricing of obtaining the products above the proposal pricing upon which the quote or agreement was based, by change order or otherwise, and Convergint agrees that it shall make commercially reasonable efforts to minimize any such increase.

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Performance Items

Items Included	
Applicable Taxes	Cable
Freight (prepaid)	Installation of CCTV Cameras
Installation of Conduit, Boxes and Fittings	Installation of Network Cabling to IP Cameras
Installation of Wire and Cable	Lifts
Material (listed in the BOM)	Mounting/Termination of Proposed Devices
One-Year Warranty on Labor	One-Year Warranty on Parts
Owner to Provide Static IP Addresses	Project Management
System Meets Plans/Drawings	System Programming
Testing of all Proposed Devices	Wire

Items Excluded	
120 VAC Power and Fused Disconnect Switch	120 VAC Power Receptacles
Additional Lighting Requirements for Cameras	Attend General Contractor Project Meetings
Attend Owner Project Meetings	Authority having Jurisdiction permit drawing (requires customer CAD)
Ceiling Tiles and Ceiling Grid Repairs	Connection to Building Fire Alarm Panel
Correction of Wiring Faults Caused by Others	Door wiring typical connections
Electrical Installation Permit	Electrified Door Locking Hardware
Engineering and Drawings	Equipment rack layout drawing
FA Permit and Plan Review Fees	Fire Stopping (Excludes Existing Penetrations)
Fire Watch	Floor Coverings for Lifts
Floor plan with device placement and numbering (requires customer CAD)	Horizontal Core Drilling
Installation of Bridle Rings	Installation of Control Equipment Enclosures
Installation of Control Panels	Installation of Intercom Systems
Installation of Intrusion Panels	Installation of Low Voltage Wire
Installation of Network Cabling to Card Readers	Installation of Network Cabling to IP Intercoms
Installation of Specialty Backboxes	Installation of Terminal Cabinets
Installation of Video Recorders (DVR/NVR)	Installation of Wire Hangars
Loading Software on Customer Provided Computer	Low Voltage Permits
On-Site Lockable Storage Facility	Operations & Maintenance Manuals
Owner to Provide DHCP Lease Reservations for Network Connected Devices	Owner Training
Panel Wall Elevation drawing (may require customer CAD)	Panel wiring with point to point connections
Patch and Paint	Payment & Performance Bonds
Record Documentation (As-Built)	Riser drawing with home run wiring
Servers by Convergint	Servers by Others
Specialty Backboxes	Submittal Drawings
System Engineering	System is Design-Build
Terminal Cabinets	Termination of Control Equipment Enclosures
Vertical Core Drilling	Workstations by Convergint
Workstations by Others	

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Total Project Investment: **$ 1,182,748.00**

Thank you for considering Convergint for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and return to my attention.

Sincerely,

Mario Herrera
Convergint
Mario Herrera

By signing below, I accept this proposal and agree to the Terms and Conditions contained herein

Jerrod Lee	July 25, 2023
Customer Name (Printed)	Date
Authorized Signature	Title

Exhibit "D"

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Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

The scope of work includes the replacement of 326 existing interior and exterior cameras at various locations across the city of Ontario. The new Axis network camera models are based on the new Axis recommended replacement. The project will include the installation of all cameras, mounts, and accessories. Convergint will provide installation staff, project specialists, and project management to oversee implementation.

Video Surveillance

- Provide and install (18) **P3265-LV** 2MP fixed dome 90-degree varifocal cameras.
- Provide and install (17) **P3265-LVE** 2MP fixed dome 90-degree varifocal cameras.
- Provide and install (5) **P3267-LV** 5MP fixed dome 90-degree varifocal cameras.
- Provide and install (79) **P3267-LVE** 5MP fixed dome 90-degree varifocal cameras.
- Provide and install (37) **P3727-PLE** 8MP multisensor 360-degree cameras.
- Provide and install (8) **P3719-PLE** 15MP multisensor 360-degree varifocal cameras.
- Provide and install (2) **P5655-E** 2MP Pan Tilt Zoom (PTZ) 32x optical zoom cameras.
- Provide and install (20) **P1467-LE** 5MP fixed bullet cameras.
- Provide and install (6) **P1468-LE** 8.3MP (4K) fixed bullet cameras.
- Provide and install (1) **P4705-PLVE** 4MP dual sensor multidirectional camera.
- Provide and install (42) **Q3819-PVE** 14MP panoramic 180-degree cameras.
- Provide and install (8) **Q6100** 20MP multisensor 360-degree cameras.
- Provide and install (8) **Q6075-E** 2MP Pan Tilt Zoom (PTZ) 40x optical zoom cameras.
- Provide and install (7) **Q9216-SLV** 4MP fixed corner mount cameras.
- Provide and install (63) **M3216-LVE** 4MP fixed dome 90-degree cameras.
- Provide and install (1) **M4318-PLVE** 12MP panoramic fisheye 360-degree camera.
- Provide and install (3) **M4328-P** 12MP panoramic fisheye 360-degree camera.
- Provide and install (1) **M3085-V** 2MP fixed dome 90-degree compact camera.
- Convergint to provide and install camera mounts and accessories as required.
- Convergint will utilize all existing network cable for the new camera replacements.
- Convergint will utilize all existing Genetec camera connection and ADV software licenses for the new camera replacements.

Exclusions

Electrical circuits, conduit, backboxes, lift equipment rental, bucket truck, fire-rated plywood, cable, network switches, servers, workstations, patch panels, network drops, fire alarm connections, patch and paint, trenching, permits.

Warranty

Convergint will provide a one-year labor warranty and a one-year material warranty on equipment provided by Convergint. Provision of labor and materials after the first year will be billed on a time and material basis.

Materials

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	18.00	Z4-02327001	P3265-LV High-performance fixed dome camera with Deep Learning Processing Unit (DLPU).	$ 582.01	$ 10,476.18
3	17.00	Z4-02328001	P3265-LVE High-performance fixed dome camera with Deep Learning Processing Unit (DLPU).	$ 682.20	$ 11,597.40
4	5.00	Z4-02329001	P3267-LV 5 MP Dome With IR And Deep Learning	$ 727.74	$ 3,638.70
5	79.00	Z4-02330001	P3267-LVE 5 MP Dome With IR And Deep Learning	$ 864.36	$ 68,284.44
6	37.00	Z4-02218001	P3727-PLE Panoramic Camera, 4x2MP, 360 IR Coverage	$ 1,319.77	$ 48,831.49
7	8.00	Z4-01500001	P3719-PLE Network Camera, compact, 15MP, four varifocal lenses (4 x Quad HD)	$ 1,547.47	$ 12,379.76
8	2.00	Z4-01682004	P5655-E 60 HZ PTZ CAMERA 360 PANoramic, 32X Optical Zoom, Lightfinder 2, Autofocus and Focus Recall	$ 1,729.64	$ 3,459.28
9	20.00	02341-001	P1467-LE Compact outdoor 5MP fixed bullet camera with Deep Learning Processing Unit (DLPU)	$ 773.28	$ 15,465.60
10	6.00	02342-001	P1468-LE IP 4K BULLET CAMERA 1080P D/N P-IRIS REMOTE ZOOM H.264/265 IP66/66	$ 955.45	$ 5,732.70
11	1.00	Z4-02415001	P4705-PLVE, two channels with 2MP per channel, frame rate of up to 60 fps.	$ 882.58	$ 882.58
12	42.00	Z4-01819001	Q3819-PVE Panoramic Camera For Seamless, 180 Coverage	$ 1,957.34	$ 82,208.28
13	8.00	Z4-01711001	Q6100-E 60Hz Out Camera, 4X5 MP Multistream D/N	$ 1,638.55	$ 13,108.40
14	8.00	Z4-01752004	Q6075-E 60HZ Top performance PTZ camera with HDTV 1080p @60fps, 40x optical zoom, outdoor-ready, IP66, IK10 and NEMA 4x-rated.	$ 3,004.77	$ 24,038.16
15	7.00	Z4-01766001	Q9216-SLV 4MP Stainless Steel CORNER-MOUNT CAMERA	$ 1,128.50	$ 7,899.50
16	63.00	02372-001	M3216-LVE FIXED DOME W/DLPU. H.264/H.265 MAX 4MP AT 30 FPS W/WDR	$ 630.70	$ 39,734.10

Line	Qty	Part	Description	Unit Price	Extended Price
17	1.00	Z4-02511001	M4318-PLVE 12MP Outdoor IR Panoramic Mini Dome IP Camera, 1.3mm Fixed Lens, White	$ 818.82	$ 818.82
18	3.00	Z4-02637004	M4328-P M43 Series 12MP Indoor Panoramic IP Camera with Deep Learning, 1.2mm Fisheye Lens	$ 636.66	$ 1,909.98
19	1.00	02373-001	M3085-V ultra-compact, indoor fixed mini dome with Deep Learning Processing Unit (DLPU)	$ 273.70	$ 273.70
20	60.00	MISC-HW	Miscellaneous hardware - mounts, connectors, camera accessories	$ 270.27	$ 16,216.20

Equipment Total	$ 366,955.27
Total Labor/Other Costs	$ 270,094.35
Freight/Warranty	$ 25,689.79
Tax if Applicable	$ 32,108.59
Total Project Price	$ 694,848.00

Clarifications and Exclusion

1. All work proposed herein, shall be performed during normal business hours Monday through Friday 7:00 am - 4:00 pm.
2. This is a budgetary proposal for the replacement of existing cameras, a job walk will need to be performed for all locations.
3. Convergint will utilize all existing network cable for the new camera replacements.
4. Convergint assumes all existing network cable is In good working condition, otherwise additonal costs will incur.
5. Lift equipment and bucket truck rentals have been excluded from this proposal, a job walk will need to be performed to determine if a lift will be required for exterior camera locations.
6. Provision or installation of conduit, wire, boxes, fittings or other electrical installation materials have been excluded unless specifically listed under Inclusions or Bill of Materials.
7. Permits or associated fees are not included.
8. Customer to provide static IP addresses and network connections at panel locations.
9. Customer to provide a secured staging & storage area for project related materials.
10. Pricing assumes that electronic Auto CAD files are available from customer for our use in creating submittal drawings.
11. Fifty percent (50%) of the proposed sell price shall be payable to Convergint for project mobilization. Mobilization shall be invoiced and due upon customer acceptance of this proposal.
12. Anything in the Contract Documents notwithstanding, in no event shall either Contractor or Subcontractor be liable for special, indirect, incidental or consequential damages, including commercial loss, loss of use, or lost profits, even if either party has been advised of the possibility of such damages.
13. Convergint reserves the right to negotiate mutually acceptable contract terms and conditions with customer by making mutually agreeable changes to the formal contract included in the Bid Documents.
14. Customer acknowledges that supply-chain and shipping difficulties may result in unavoidable delays in deliveries of materials despite timely placement of orders and efforts by Convergint and its suppliers to avoid such delays. Customer agrees to provide Convergint with reasonable extensions of time to the extent of any such delays and Convergint agrees to make reasonable efforts to avoid or minimize such delays. Customer further acknowledges that the above-referenced supply-chain and shipping difficulties may result in unanticipated increases to Convergint's proposal pricing on products covered by this quote or any resulting agreement and that such increases may occur between the time this quote is provided, or any resulting contract is executed and the time when Convergint actually purchases the products covered by this quote or a resulting agreement. Customer agrees that it will pay any such increase in Convergint's initial pricing of obtaining the products above the proposal pricing upon which the quote or agreement was based, by change order or otherwise, and Convergint agrees that it shall make commercially reasonable efforts to minimize any such increase.

Performance Items

Items Included	
Applicable Taxes	Freight (prepaid)
Installation of CCTV Cameras	Material (listed in the BOM)
Mounting/Termination of Proposed Devices	One-Year Warranty on Labor
One-Year Warranty on Parts	Owner to Provide Static IP Addresses
Project Management	Servers by Others
Testing of all Proposed Devices	Workstations by Others

Items Excluded	
120 VAC Power and Fused Disconnect Switch	120 VAC Power Receptacles
Additional Lighting Requirements for Cameras	Attend General Contractor Project Meetings
Attend Owner Project Meetings	Authority having Jurisdiction permit drawing (requires customer CAD)
Cable	Ceiling Tiles and Ceiling Grid Repairs
Connection to Building Fire Alarm Panel	Correction of Wiring Faults Caused by Others
Door wiring typical connections	Electrical Installation Permit
Electrified Door Locking Hardware	Engineering and Drawings
Equipment rack layout drawing	FA Permit and Plan Review Fees
Fire Stopping (Excludes Existing Penetrations)	Fire Watch
Floor Coverings for Lifts	Floor plan with device placement and numbering (requires customer CAD)
Horizontal Core Drilling	Installation of Bridle Rings
Installation of Conduit, Boxes and Fittings	Installation of Control Equipment Enclosures
Installation of Control Panels	Installation of Intercom Systems
Installation of Intrusion Panels	Installation of Low Voltage Wire
Installation of Network Cabling to Card Readers	Installation of Network Cabling to IP Cameras
Installation of Network Cabling to IP Intercoms	Installation of Specialty Backboxes
Installation of Terminal Cabinets	Installation of Video Recorders (DVR/NVR)
Installation of Wire and Cable	Installation of Wire Hangars
Lifts	Loading Software on Customer Provided Computer
Low Voltage Permits	On-Site Lockable Storage Facility
Operations & Maintenance Manuals	Owner to Provide DHCP Lease Reservations for Network Connected Devices
Owner Training	Panel Wall Elevation drawing (may require customer CAD)
Panel wiring with point to point connections	Patch and Paint
Payment & Performance Bonds	Record Documentation (As-Built)
Riser drawing with home run wiring	Servers by Convergint
Specialty Backboxes	Submittal Drawings
System Engineering	System is Design-Build
System Meets Plans/Drawings	System Programming
Terminal Cabinets	Termination of Control Equipment Enclosures
Vertical Core Drilling	Wire
Workstations by Convergint	

Total Project Investment: **$ 694,848.00**

Thank you for considering for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and return to my attention.

Sincerely,

Mario Herrera
Convergint
Mario Herrera

By signing below, I accept this proposal and agree to the Terms and Conditions contained herein

Jerrod Lee	July 31, 2023
Customer Name (Printed)	Date
Authorized Signature	Title

This CSP has been customized for the City of Ontario to include a Preventative Maintenance Plan and Software Maintenance Agreement for the following facilities:

Location	Cameras	Readers	Access Control Panels	Servers/Archivers
Armstrong Center		2	1	
City Hall	26	48	3	
City Hall Annex	15	34	1	
De Anza Center	21	4	1	
Dorothy Quesada Center	17	6	1	
Housing Agency	7	6	1	
Main Library	4	4	1	
Revenue Building	18	12	1	
Senior Center	8	4	1	
Westwind Community Center		4	1	
Municipal Utilities Company	28	1	1	
Police Department	55	83	1	11
Police North Substation	5			
Police Mills Substation	5			
404 Building Structure	3			
Air Support Facility	7			
Anthony Munoz Recreation	19			
Bank of Italy Building	1			
Ovitt Library	17			
Parking Structure	12			
Code Enforcement	11			
Conservation Park	8			
James Bryant Park	9			
Town Square Park	14			
Veterans Park	7			
OntarioNet Warehouse	10			
Museum	24			
Street Cameras	13			
Total	**364**	**208**	**14**	**11**

5-Year Preventative Maintenance and Software Maintenance Agreement (SMA) – The preventative maintenance and software maintenance agreement program will consist of several components to preserve and optimize the City of Ontario's access control and video surveillance investments. This includes the following:

- **System Health Inspections:** Bi-annual (twice per year) site visits to perform a health check of the system. Service will consist of (1) Genetec certified IT specialist on site twice a year to perform the inspection of the video servers, video storage, video management software, application error logs, operating system error logs, power, network, and overall health of the system.

- **Camera Cleaning:** Annual (once per year) site visits to perform visual inspection and cleaning of camera lenses/housing. Service does not include re-aiming of cameras.

- **Access Control Testing:** Annual (once per year) site visits to perform testing of card reader doors which include door forced and door help open alarms and visual inspection, cleaning, and testing, of access control panels and battery replacement date.

- **Software Maintenance Agreement:** A software maintenance agreement (SMA) allows the city, or Convergint on your behalf, to download new software updates and obtain advanced support directly from the manufacturer. It will allow us to obtain direct phone support from Genetec if we have issues with the system. This proposal includes a 5-year Genetec ADV co-termed to same end date for the City's Genetec Omnicast and Synergis systems. The Genetec Advantage renewal will be applied in year 2 on March 30th 2024.

- **System Upgrades:** Convergint will perform a system upgrade once per year at the Police Department. The SMA (listed above) entitles the customer to download the new software but does not include installation or programming services. This option is for a Genetec certified Convergint specialist to perform the actual software upgrade onsite on 11 servers.

- **Password and Patch Management Services:** Convergint will manage device passwords and firmware patches in accordance with manufactures recommendations and will keep systems operations with the latest features, fixes, and vulnerability patches to the latest interoperable level.

Preferred 24/7 Hourly Rates and Priority Service - Municipal Customers with a Convergint Technologies Customer Support Program automatically receive a priority service and preferred flat hourly labor rates and response times for all time & material related service calls. This preferred flat rate applies to work performed during the normal working hours of Monday through Friday 7:00 AM to 4:00 PM. Work performed outside of normal working hours will be billed at an overtime rate of time and a half. Work performed on Sundays and holidays will be billed at double time rates.

For any work to be performed outside the scope of the Preventative Maintenance program, Convergint has prepared the below listed fixed rates for our municipal customers. All on-site service calls will be billed with a 2-hour minimum and will require a truck charge. Remote service calls will be billed with 1 hour minimum. All work requiring a bucket truck will require 2-man crew for safety and will require a bucket truck charge.

Time and Material (T&M) Rates*	
Project Manager	$180/hour
Software Specialist	$175/hour
Hardware Specialist	$165/hour
CAD/Documentation	$130/hour
Engineering	$150/hour
Truck Charge	$70/day
Bucket Truck Charge	$300/day

Rates may be adjusted annually subject to a 3% annual increase

5 Year Customer Support Program (CSP): Pricing below reflects a 5 Year CSP which can be invoiced annually in 5 payments.

PREVENTATIVE MAINTENANCE AGREEMENT DETAILS					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Total Annual Cost	$ 61,752.00	$ 93,197.00	$ 95,105.00	$ 97,071.00	$ 99,095.00
Payment Schedule	The CSP will be invoiced annually in the first month of the agreement period unless mutually agreed otherwise.				
Software Support Agreement (SSA/SUSP)					
The following bill of material is intended to establish the baseline for this proposal. This bill of material is not intended to be a comprehensive list of all system parts.					

Line	Qty	Part	Description	Manufacturer
1	465.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	Genetec
2	208.00	ADV-RDR-P-1Y	Genetec™ Advantage for 1 Synergis™ Pro Reader 1 year	Genetec

System(s) covered under this agreement:

Genetec System ID	System Name	Version	Expiration
GSC-120528-530424	Ontario Police Department USA HQ	5.11	03/31/24
OMN-090414-744129	Ontario PD	5.11	03/31/24
SV16-130214-253176	City of Ontario Police Dept	5.11	03/31/24

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Total 5-Year Customer Support Plan: **$ 446,220.00**

Thank you for considering for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and return to my attention.

Sincerely,

Mario Herrera
Convergint Technologies

By signing below, I accept this proposal and agree to the Terms and Conditions contained herein

Customer Name (Printed)	Date
Authorized Signature	Title

Project:	City of Ontario CCTV Interior Camera

Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	1.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$48.75	$48.75
3	1.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$238.97	$238.97
4	1.00	02327-001	P3265-LV High-performance fixed dome camera with Deep Learning Processing Unit (DLPU).	$636.54	$636.54
5	0.50	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$432.35	$216.18
6	1.00	MISC-HW	Miscellaneous Hardware	$40.00	$40.00

Equipment Total	$	1,180.44
Labor	$	1,090.00
Other Costs	$	70.00
Freight/Warranty	$	86.27
Tax if Applicable	$	103.29
Total Project Price	$	2,460.00

Attach Purchase Order or Requisition if Required

Customer Authorization: **Date:**

Customer Signature: **Purchase Order #:**

Project:	City of Ontario CCTV Exterior Camera

Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	1.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$48.75	$48.75
3	1.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$238.97	$238.97
4	1.00	02328-001	P3265-LVE High-performance fixed dome camera with Deep Learning Processing Unit (DLPU).	$746.13	$746.13
5	0.50	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$432.35	$216.18
6	1.00	MISC-HW	Miscellaneous Hardware	$40.00	$40.00

Equipment Total	$	1,290.03
Labor	$	1,750.00
Other Costs	$	70.00
Freight/Warranty	$	97.09
Tax if Applicable	$	112.88
Total Project Price	$	3,250.00

Attach Purchase Order or Requisition if Required

Customer Authorization: **Date:**

Customer Signature: **Purchase Order #:**

Project:	City of Ontario CCTV Exterior Camera Lift

Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	1.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$48.75	$48.75
3	1.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$238.97	$238.97
4	1.00	02328-001	P3265-LVE High-performance fixed dome camera with Deep Learning Processing Unit (DLPU).	$746.13	$746.13
5	1.00	5504-821	T91D61 Wall Mount 1.5 NPS	$98.62	$98.62
6	1.00	5505-871	T94T01D Pendant Kit	$58.78	$58.78
7	0.50	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$432.35	$216.18
8	1.00	MISC-HW	Miscellaneous Hardware	$50.00	$50.00

Equipment Total	$	1,457.43
Labor	$	3,370.00
Other Costs	$	370.00
Freight/Warranty	$	105.04
Tax if Applicable	$	127.53
Total Project Price	$	5,060.00

Attach Purchase Order or Requisition if Required

Customer Authorization: **Date:**

Customer Signature: **Purchase Order #:**

Project:	City of Ontario CCTV 360 Camera Corner

Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	1.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$48.75	$48.75
3	1.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$238.97	$238.97
4	1.00	02218-001	P3727-PLE Panoramic Camera, 4x2MP, 360 IR Coverage	$1,443.44	$1,443.44
5	1.00	01513-001	T94N01D PENDANT KIT	$98.62	$98.62
6	1.00	5504-821	T91D61 Wall Mount 1.5 NPS	$98.62	$98.62
7	1.00	5017-641	T91A64 Corner Bracket	$88.66	$88.66
8	0.50	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$432.35	$216.18
9	1.00	MISC-HW	Miscellaneous Hardware	$50.00	$50.00

Equipment Total	$	2,283.24
Labor	$	1,750.00
Other Costs	$	70.00
Freight/Warranty	$	164.98
Tax if Applicable	$	199.78
Total Project Price	$	4,398.00

Attach Purchase Order or Requisition if Required

Customer Authorization: **Date:**

Customer Signature: **Purchase Order #:**

Project:	City of Ontario CCTV 360 Camera Corner Lift

Scope of Work
Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

Line	Qty	Part	Description	Unit Price	Extended Price
1	VIDEO SURVEILLANCE				
2	1.00	ADV-CAM-E-1Y	Genetec™ Advantage for 1 Omnicast™ Enterprise Camera 1 year	$48.75	$48.75
3	1.00	GSC-Om-E-1C	1 Enterprise camera connection, mandatory Genetec™ Advantage	$238.97	$238.97
4	1.00	02218-001	P3727-PLE Panoramic Camera, 4x2MP, 360 IR Coverage	$1,443.44	$1,443.44
5	1.00	01513-001	T94N01D PENDANT KIT	$98.62	$98.62
6	1.00	5504-821	T91D61 Wall Mount 1.5 NPS	$98.62	$98.62
7	1.00	5017-641	T91A64 Corner Bracket	$88.66	$88.66
8	0.50	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$432.35	$216.18
9	1.00	MISC-HW	Miscellaneous Hardware	$50.00	$50.00

Equipment Total	$	2,283.24
Labor	$	3,370.00
Other Costs	$	370.00
Freight/Warranty	$	164.98
Tax if Applicable	$	199.78
Total Project Price	$	6,018.00

Attach Purchase Order or Requisition if Required

Customer Authorization: **Date:**

Customer Signature: **Purchase Order #:**

Exhibit "E"

Classification: Internal

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540 S Jefferson St, Placentia,California 92870
Phone Mobile (213) 425-4855
mario.herrera@convergint.com

September 26, 2023
Quotation: MH13609777P

Prepared For:
City of Ontario
City Hall
303 E B Street California, Ontario 91764
Attention: Jerrod Lee
Reference: Alertus Emergency Mass Notification System BOM

Bill of Materials

Line	Qty	Part	Description	Unit Price	Extended Price
1	**ALERT BEACONS**				
2	1.00	AAB-E-YL	Hardware, Alert Beacon w/PoE - Yellow	$ 947.00	$ 947.00
3	1.00	AAB-E-WT	Hardware, Alert Beacon w/PoE - White	$ 947.00	$ 947.00
4	PANIC BUTTONS				
5	1.00	ALR-B-C-C	Alertus Hardwired Duress Button; Custom Panic Button for use with Alert Beacon with custom color and/or lettering.	$ 185.00	$ 185.00
6	1.00	ALR-USB	Emergency Panic Button - USB	$ 210.00	$ 210.00
7	**SPEAKERS**				
8	1.00	AUD-IPS	Text To Speech, Indoor Self-Amplified IP TTS Speaker	$ 1,120.00	$ 1,120.00
9	1.00	AUD-IPS-ODH	IP Text-To-Speech Outdoor Horn	$ 1,320.00	$ 1,320.00
10	**STROBES**				
11	1.00	AVN-HSI-W-BL	Horn strobe, wall mount, indoor, blue	$ 349.77	$ 349.77
12	1.00	AVN-HSO-D-BL	Horn strobe, dome, indoor/outdoor, blue	$ 376.64	$ 376.64
13	1.00	AVN-S-W-BL	Strobe, wall mount, indoor/outdoor, blue	$ 155.00	$ 155.00
14	1.00	AVN-LEDM	LED Marquee (requires Alert Beacon)	$ 938.57	$ 938.57
15	**DESKTOP NOTIFICATION LICENSES**				
16	1.00	ADN-A	Alertus Desktop Activator - price per device	$ 20.00	$ 20.00
17	1.00	ADN-CHROME	Alertus Desktop(TM) for Chrome - Priced in bundles of 500 Licenses	$ 1,700.00	$ 1,700.00
18	1.00	ADN-X	Desktop License Fee - Priced in bundles of 500 Licenses	$ 1,700.00	$ 1,700.00
19	**SERVERS AND SOFTWARE LICENSES**				
20	1.00	ANS-E	Activation Software, Enterprise Site - Alertus Notification Software License	$ 49,500.00	$ 49,500.00

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Line	Qty	Part	Description	Unit Price	Extended Price
21	1.00	ANS-I	Activation Software, Institutional Site - Alertus Notification Software License	$ 19,500.00	$ 19,500.00
22	1.00	ANS-L	Activation Software, Large Site - Alertus Notification Software License	$ 9,200.00	$ 9,200.00
23	1.00	ANS-M	Activation Software, Medium Site - Alertus Notification Software License	$ 5,950.00	$ 5,950.00
24	1.00	ANS-R	Activation Software, Regional Site - Alertus Notification Software License	$ 37,500.00	$ 37,500.00
25	1.00	ANS-S	Activation Software, Small Site - Alertus Notification Software License	$ 3,470.00	$ 3,470.00
26	**ANNUAL SERVICE AND SUPPORT AGREEMENT**				
27	1.00	ENS-SUP-BASIC-S	Enhanced Notification Service & Basic Support - Small Annual Basic Tier Support for a Small Site organization. Annual License Renewal Knowledge Base Articles/Documentation Self Training Videos Access to Alertus Community site 8/5 Access to Technical Support Team (Normal Business Hour Support) 1 Annual Customer Assurance Review - Alertus System health check	$ 4,950.00	$ 4,950.00
28	1.00	ENS-SUP-BASIC-M	Medium Site - Alertus Enhanced Service & Support Contract (annual cost)	$ 9,950.00	$ 9,950.00
29	1.00	ENS-SUP-BASIC-L	Large Site - Alertus Enhanced Service & Support Contract (annual cost)	$ 14,950.00	$ 14,950.00
30	1.00	ENS-SUP-BASIC-E	Enterprise Site - Alertus Enhanced Service & Support Contract (annual cost)	$ 49,950.00	$ 49,950.00
31	1.00	ENS-SUP-BASIC-I	Institutional Site - Alertus Enhanced Service & Support Contract (annual cost)	$ 24,950.00	$ 24,950.00
32	1.00	ENS-SUP-BASIC-R	Regional Site - Alertus Enhanced Service & Support Contract (annual cost)	$ 34,950.00	$ 34,950.00

Note: the list of materials above is for budgetary purpose only.

Labor Rates

Time and Material (T&M) Rates*	
Project Manager	$180/hour
Software Specialist	$175/hour
Hardware Specialist	$165/hour
CAD/Documentation	$130/hour
Engineering	$150/hour
Truck Charge	$70/day
Bucket Truck Charge	$300/day

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540 S Jefferson St, Placentia, California 92870
Phone Mobile (213) 425-4855
mario.herrera@convergint.com

September 25, 2023

City of Ontario
City Hall
303 E B Street Ontario, California 91764
Attention: Jerrod Lee

Quotation: MH13609201P
RFP#:
License/Cert C-10
986407

Reference: Alertus Emergency Mass Notification System
Budgetary Proposal

On behalf of Convergint's global network of colleagues, I would like to personally thank you for providing Convergint with the opportunity to present this proposal addressing your electronic security needs. We are confident that this proven solution is both comprehensive and customized to meet your needs today, and in the future.

Convergint's reputation for service excellence is backed by a foundational commitment to our core value of service, and we have been recognized as the #1 Systems Integrator by SDM Magazine. This recognition reflects the strong relationships Convergint has developed with the industry's top technology manufacturers, and our history of success with providing exceptional service to our customers.

Our guiding principle has always been to be our customers' best service provider. Our dedicated and certified team of professionals strives to uphold our customer-focused, service-based mission to make a daily difference for our customers. After achieving a successful on-time and on-budget project installation, Convergint will provide you with the industry's best ongoing service, including our 24/7 customer portal iCare, designed to track service work orders, project progress, and provide you with detailed metric reporting for continuous improvement.

The following security proposal is specifically designed to meet your needs. As your single point of contact, please feel free to contact me with any additional questions you may have. Thank you again for trusting Convergint as your partner.

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Scope of Work

Convergint Technologies' scope of work includes furnishing, installing, programming, and commissioning the material listed in the attached bill of material (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal. This proposal complies with prevailing wage labor requirements.

The scope of work includes the installation of an Alertus emergency notification system for the Community Center building. The project will include the installation of all field devices, control panels, power supplies, cabling, server, and software license. Convergint will provide installation staff, project specialists, and project management to oversee implementation.

Emergency Notification System

- Provide and install (12) IP wall mount alert beacons
- Provide and install (12) IP ceiling mount speakers
- Provide and install (12) desk mount panic duress buttons
- Provide and install required cable for all field devices
- Provide and install (1) Alertus small site application server with software
- Provide Alertus standard implementation services to include system configuration, programming, deployment, and training

Exclusions

Electrical circuits, conduit, backboxes, fire-rated plywood, network switches, servers, workstations, patch panels, network drops, fire alarm connections, patch and paint, trenching, permits.

Warranty

Convergint will provide a one-year labor warranty and a one-year material warranty on equipment provided by Convergint. Provision of labor and materials after the first year will be billed on a time and material basis.

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Materials

Line	Qty	Part	Description	Unit Price	Extended Price
1	1.00	ANS-S	Activation Software, Small Site - Alertus Notification Software License	$ 3,470.00	$ 3,470.00
2	12.00	AAB-E-YL	Hardware, Alert Beacon w/PoE - Yellow	$ 947.00	$ 11,364.00
3	12.00	AUD-IPS	Text To Speech, Indoor Self-Amplified IP TTS Speaker	$ 1,120.00	$ 13,440.00
4	12.00	ALR-B-C-C	Alertus Hardwired Duress Button; Custom Panic Button for use with Alert Beacon with custom color and/or lettering.	$ 185.00	$ 2,220.00
5	1.00	IMP-STANDARD	Implementation -Standard - Dedicated Implementation services will begin at the Kick-Off Call but to not exceed 30 days following an executed order Not available for advanced or 3rd party hardware integrations, or multiple locations. Software-only solutions and/or under 10 native Alertus Device deployments. Simple and concise alert targeting strategies Preset Alert Limit Performed by Alertus: 5 New Customer Training series: Preparing for Implementation and System Utilization Principles and Concepts of Implementation Integrating Alertus into your Emergency Planning Approach After the Implementation Period has elapsed, you may purchase additional implementation services as needed. A lapse in response for more than 30 days and we will consider the project complete	$ 8,571.43	$ 8,571.43
6	1.00	ENS-SUP-BASIC-S	Enhanced Notification Service & Basic Support - Small Annual Basic Tier Support for a Small Site organization. Annual License Renewal Knowledge Base Articles/Documentation Self Training Videos Access to Alertus Community site 8/5 Access to Technical Support Team (Normal Business Hour Support) 1 Annual Customer Assurance Review - Alertus System health check	$ 4,950.00	$ 4,950.00
7	4.00	556609	23-4P Unshielded Solid Plenum Cat6 Blu Jkt	$ 420.00	$ 1,680.00
8	2.00	444342	22-04 Overall-Shielded Stranded Plenum Wht Jkt w/ Blu Stp	$ 280.00	$ 560.00

Equipment Total	$	46,255.43
Total Labor/Other Costs	$	35,889.32
Freight/Warranty	$	3,785.90
Tax if Applicable	$	4,047.35
Total Project Price	$	89,978.00

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Clarifications and Exclusion

1. All work proposed herein, shall be performed during normal business hours Monday through Friday 7:00 am - 4:00 pm.
2. Low voltage wiring shall be installed via open air code approved methods.
3. Provision or installation of conduit, wire, boxes, fittings or other electrical installation materials have been excluded unless specifically listed under Inclusions or Bill of Materials.
4. This is a budgetary proposal, a site assesement will have to be performed to finalize the actual costs.
5. Permits or associated fees are not included.
6. Customer to provide static IP addresses and network connections at panel locations.
7. Customer to provide a secured staging & storage area for project related materials.
8. Pricing assumes that electronic Auto CAD files are available from customer for our use in creating submittal drawings.
9. Fifty percent (50%) of the proposed sell price shall be payable to Convergint for project mobilization. Mobilization shall be invoiced and due upon customer acceptance of this proposal.
10. Anything in the Contract Documents notwithstanding, in no event shall either Contractor or Subcontractor be liable for special, indirect, incidental or consequential damages, including commercial loss, loss of use, or lost profits, even if either party has been advised of the possibility of such damages.
11. Convergint reserves the right to negotiate mutually acceptable contract terms and conditions with customer by making mutually agreeable changes to the formal contract included in the Bid Documents.
12. Customer acknowledges that supply-chain and shipping difficulties may result in unavoidable delays in deliveries of materials despite timely placement of orders and efforts by Convergint and its suppliers to avoid such delays. Customer agrees to provide Convergint with reasonable extensions of time to the extent of any such delays and Convergint agrees to make reasonable efforts to avoid or minimize such delays. Customer further acknowledges that the above-referenced supply-chain and shipping difficulties may result in unanticipated increases to Convergint's proposal pricing on products covered by this quote or any resulting agreement and that such increases may occur between the time this quote is provided, or any resulting contract is executed and the time when Convergint actually purchases the products covered by this quote or a resulting agreement. Customer agrees that it will pay any such increase in Convergint's initial pricing of obtaining the products above the proposal pricing upon which the quote or agreement was based, by change order or otherwise, and Convergint agrees that it shall make commercially reasonable efforts to minimize any such increase.

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Performance Items

Items Included	
Applicable Taxes	Cable
Freight (prepaid)	Installation of Control Equipment Enclosures
Installation of Control Panels	Installation of Wire and Cable
Installation of Wire Hangars	Loading Software on Customer Provided Computer
Material (listed in the BOM)	Mounting/Termination of Proposed Devices
One-Year Warranty on Labor	One-Year Warranty on Parts
Owner to Provide Static IP Addresses	Owner Training
Project Management	Servers by Convergint
System Engineering	System is Design-Build
System Programming	Testing of all Proposed Devices
Wire	

Items Excluded	
120 VAC Power and Fused Disconnect Switch	120 VAC Power Receptacles
Additional Lighting Requirements for Cameras	Attend General Contractor Project Meetings
Attend Owner Project Meetings	Authority having Jurisdiction permit drawing (requires customer CAD)
Ceiling Tiles and Ceiling Grid Repairs	Connection to Building Fire Alarm Panel
Correction of Wiring Faults Caused by Others	Door wiring typical connections
Electrical Installation Permit	Electrified Door Locking Hardware
Engineering and Drawings	Equipment rack layout drawing
FA Permit and Plan Review Fees	Fire Stopping (Excludes Existing Penetrations)
Fire Watch	Floor Coverings for Lifts
Floor plan with device placement and numbering (requires customer CAD)	Horizontal Core Drilling
Installation of Bridle Rings	Installation of CCTV Cameras
Installation of Conduit, Boxes and Fittings	Installation of Intercom Systems
Installation of Intrusion Panels	Installation of Low Voltage Wire
Installation of Network Cabling to Card Readers	Installation of Network Cabling to IP Cameras
Installation of Network Cabling to IP Intercoms	Installation of Specialty Backboxes
Installation of Terminal Cabinets	Installation of Video Recorders (DVR/NVR)
Lifts	Low Voltage Permits
On-Site Lockable Storage Facility	Operations & Maintenance Manuals
Owner to Provide DHCP Lease Reservations for Network Connected Devices	Panel Wall Elevation drawing (may require customer CAD)
Panel wiring with point to point connections	Patch and Paint
Payment & Performance Bonds	Record Documentation (As-Built)
Riser drawing with home run wiring	Servers by Others
Specialty Backboxes	Submittal Drawings
System Meets Plans/Drawings	Terminal Cabinets
Termination of Control Equipment Enclosures	Vertical Core Drilling
Workstations by Convergint	Workstations by Others

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Total Project Investment: **$ 89,978.00**

Thank you for considering for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and return to my attention.

Sincerely,

Mario Herrera
Convergint
Mario Herrera

By signing below, I accept this proposal and agree to the Terms and Conditions contained herein

Jerrod Lee	September 25, 2023
Customer Name (Printed)	Date
Authorized Signature	Title

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Financial Services Prepared By: Maria Garcia Staff Member Presenting: Armen Harkalyan, Executive Director of Finance Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 5

SUBJECT: FISCAL YEAR 2023-24 FIRST QUARTER BUDGET UPDATE REPORT

RECOMMENDATION: That the City Council approve the budget adjustments and recommendations as presented in the Fiscal Year 2023-24 First Quarter Budget Update Report (Exhibit A).

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner

FISCAL IMPACT: The recommended actions will affect several fund budgets as outlined in the Fiscal Year 2023-24 First Quarter Budget Update Report.

BACKGROUND & ANALYSIS: The First Quarter Budget Update Report for Fiscal Year 2023-24 reflects the Financial Services Agency's continued efforts to provide timely, accurate, and understandable financial information to assist the City Council with decision making and achievement of core goals. All Funds have been reviewed in preparing this report. The emphasis of this report is on the General Fund, which funds the majority of government services including public safety, recreation, library, museum, parks, building and planning.

The primary purposes of this report are to:

- Discuss Fiscal Year 2022-23 Year-End Results and Fiscal Year 2023-24 First Quarter Budget Update and provide a reconciliation of budgeted- to-actual financial data;
- Address annual carryforward obligations across all funds;
- Recognize budgetary carryforward amounts for prior year's approved Capital Improvement Projects and Grant appropriations, which are ongoing:
- Revise the City's budget to reflect the City Council's actions taken since the beginning of the current fiscal year;
- Recommend personnel and organizational changes to enhance program operations and efficiencies;
- Recommend budget adjustments that are consistent with City Council goals and objectives; and
- Comment on significant budget and economic trends which may impact fiscal year's budget development.

Fiscal Year 2022-23 General Fund Year-End Results (unaudited)

The General Fund activity for FY 2022-23 resulted in a net positive year-end balance of approximately $12.4 million. This is primarily due to higher property tax revenues than projected, caused by gains in property value assessments. Licenses and permits were higher than projected due to increased development related revenues as residential, commercial and industrial development continues to move forward at a strong pace. The City was also able to realize approximately $6.3 million of American Rescue Plan Act (ARPA) funding for the negative economic impacts the City incurred during the COVID-19 pandemic period. The sales tax revenues were down for both Bradley-Burns (local tax) and Measure-Q (transactions use tax) by $1.6 million and $2.3 million, respectively. The volatile economic indicators such as the Federal Funds rate, unemployment levels and discretionary spending may have influenced these outcomes. Additionally, the actual expenditures as of June 30, 2023, were underspent and reflected 96.7% of total General Fund budget. An attributable factor to this variance included savings in operating expenditures and contractual services.

Fiscal Year 2023-24 First Quarter Budget Update Recommendations

First Quarter Budget Update recommendations are routine in nature and comprised predominately by: City Council actions taken since the beginning of the fiscal year, obligations carryforward items to rollover purchase order that have not yet been expended, and Capital Improvement Program (CIP) and Grant carryforward appropriations on projects and grants that have not been completed or fully expended. In addition, First Quarter includes proposed new expenditure budget requests, as well as revised revenue estimates for FY 2023-24. For the General Fund, the net result of these actions will bring the General Fund estimated available and unencumbered ending fund balance to $81.0 million or 20% of total appropriations. This amount achieves the goal set by City Council as a reserve for specific and defined emergency events (such as an earthquake or pandemic) and to address immediate needs in resources without impacting City services. This goal was temporarily decreased to 15% during the COVID pandemic but has since been brought back up to the previous set goal of 20%, effective July 1, 2023, with the goal of increasing the reserves up to 25% in future fiscal years.

General Fund Highlights

- $8.6 million carryforward obligations from FY 2022-23
- $518,000 appropriations for a lease agreement with Mark Christopher Auto Center for LED sign upgrades
- $296,000 appropriations for the Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave.

Other Funds (non-General Fund) Highlights

- $334.9 million carryforward obligations from FY 2022-23
- $11.9 million additional appropriations for Ontario Sports Complex design services, consulting services, and project management
- $10 million appropriations for Euclid Ave Recycled Water Phase 2 Grant
- $4.8 million appropriations for Information Technology maintenance and repairs
- $2.5 million appropriations for Replacement and purchase of Police handheld radios

Interim budget updates also present recommendations for personnel and organizational changes necessary to enhance program operations and efficiencies. Current recommendations for this First Quarter report include reclassification changes, adds/deletes, and other modifications to the authorized full-time positions resulting in a zero net increase citywide. More detail is presented in the attached Exhibit A under Recommended Personnel Changes section, pages 15 through 18, of the FY 2023-24 First Quarter Budget Update Report.

Gainshare Program

The Gainshare Program was developed by the City in 2020 to recognize employees' collective progress towards City goals and objectives. The program is intended to reward high-performance and cost-efficient operations in accomplishing Agency Strategic Objectives (ASOs) and achievements, as measured by Key Performance Indicators (KPIs). ASOs are outcome-driven objectives that the City uses to communicate and commit to our Agencies' missions, visions, and values. KPIs are intended to be output-driven and are measurable values that demonstrate how effectively the City is achieving key objectives. Together, ASOs and KPIs are used as guides to keep score of our successes and challenges.

Through dedication, hard work and overall contributions, Ontario employees achieved program requirements for FY 2022-23 and have unlocked a Gainshare incentive of 0.81% of base compensation for all employees. Included in the First Quarter Budget Update Report is appropriations of $976,884 for this Gainshare, with the General fund's share at $758,963 and Other Funds' share at $217,921.

Conclusion

As the City recovers from the last three years of economic disruption from the COVID pandemic, other challenges still exist the continued war in Ukraine; rising consumer goods prices, fuel costs, and interest rates; the impending recession due to accelerated inflation levels not seen since the early 1980's; and the recent conflict in the middle east. Even with the anticipated additional resources, the City will need to continue to practice fiscal discipline and establish proactive measures to safely navigate the current and upcoming fiscal challenges, as well as deliver an unparalleled level of service and commitment to our community.

The Adopted Operating Budget for Fiscal Year 2023-24, as modified through this First Quarter Budget Update, reflects the City Council's continued commitment to support high quality public safety and municipal services, provides for the maintenance and expansion needs of the City's infrastructure and facilities, profiles an aggressive economic development strategy, and assures the investment and reinvestment of City resources into the community - all in the name of affording Ontario residents and businesses an exceptional quality of life. With the City Council's leadership and their prudent fiscal policies, the City's long-term financial health will further solidify its standing as the economic leader in the Inland Empire, and a formidable player in California and the nation.



Fiscal Year 2023-24
First Quarter Budget Update

November 7, 2023

City of Ontario
Fiscal Year 2023-24
First Quarter Budget Update Report

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FY 2022-23
General Fund Year-End Results
(unaudited)

City of Ontario
General Fund Year-End Results - Revenues by Category
Fiscal Year 2022-23

	FY 2022-23 Adopted Budget	FY 2022-23 Current Budget[1]	FY 2022-23 Actuals[2]	FY 2022-23 Budget Variance	% Received
Sales Tax	$ 109,900,000	$ 128,400,000	$ 126,820,107	$ (1,579,893)	**98.8%**
Sales Tax - Measure Q	-	16,000,000	13,680,957	(2,319,043)	**85.5%**
Property Tax	82,967,000	85,119,000	89,800,425[5]	4,681,425	**105.5%**
Transient Occupancy Tax	16,500,000	16,500,000	16,964,564	464,564	**102.8%**
Business License Tax	8,763,000	8,763,000	9,729,862	966,862	**111.0%**
Parking Tax	3,000,000	4,000,000	3,925,303	(74,697)	**98.1%**
Other Taxes	4,500,000	5,500,000	5,983,854	483,854	**108.8%**
License & Permits	6,192,000	9,295,000	12,608,106	3,313,106	**135.6%**
Intergovernmental	9,361,077	10,245,332	10,597,069	351,737	**103.4%**
Intergovernmental - ARPA[3]	9,449,310	9,449,310	6,278,691	(3,170,619)	**66.4%**
Charges for Services	23,793,354	29,075,254	31,006,586	1,931,332	**106.6%**
Charges for Services - OIAA[4]	20,902,300	20,902,300	20,902,300	-	**100.0%**
Use of Money & Property	1,341,992	1,340,392	2,958,676[6]	1,618,284	**220.7%**
Fines & Forfeitures	753,000	771,000	936,518	165,518	**121.5%**
Miscellaneous Revenue	1,730,000	7,883,256	6,220,794	(1,662,462)	**78.9%**
Sub-Total	**$ 299,153,033**	**$ 353,243,844**	**$ 358,413,812**	**$ 5,169,968**	**101.5%**
Transfers-In	-	2,000,000	2,000,000[7]	-	**100.0%**
Total Resources	**$ 299,153,033**	**$ 355,243,844**	**$ 360,413,812**	**$ 5,169,968**	**101.5%**

[1]Reflects adjustments made at First Quarter, Mid Year, and Year-End
[2]FY 2022-23 Actuals are unaudited
[3] ARPA: American Rescue Plan Act
[4] OIAA: Ontario International Airport Authority
[5] Current Secured & RDA Residual Property Tax actuals were over expected values.
[6] Includes Change in Fair Value
[7]Correction to prior year transfer related to the Underground Utilities Deposit

City of Ontario
General Fund Year-End Results - Expenditures by Category
Fiscal Year 2022-23

	FY 2022-23 Adopted Budget	FY 2022-23 Current Budget[1]	FY 2022-23 Actuals[2]	FY 2022-23 Budget Variance	% Expended
Personnel Costs	$ 196,234,997	$ 202,312,312	$ 203,014,070	$ (701,758)[3]	**100.3%**
Operating Expenditures	27,179,820	34,172,840	27,737,151	6,435,689	**81.2%**
Contractual Services	16,976,742	25,860,475	20,274,983	5,585,492	**78.4%**
Internal Service Allocations	42,715,839	42,869,624	43,029,646	(160,022)	**100.4%**
Reimbursement Agreements	8,965,212	10,345,747	8,779,983	1,565,764	**84.9%**
Capital Expenditures	367,000	1,517,831	1,919,435	(401,604)	**126.5%**
Transfers-Out	9,438,410	57,232,079	$ 57,241,138	(9,059)[4]	**100.0%**
Total Expenditures & Transfers-Out	**$ 301,878,020**	**$ 374,310,908**	**$ 361,996,406**	**$ 12,314,502**	**96.7%**

[1]Reflects adjustments made at First Quarter, Mid Year, and Year-End
[2] FY 2022-23 Actuals are unaudited.
[3] FY 2022-23 Actuals had a higher expended amount due to bargaining contracts
[4] Transfers-Out had a higher expended amount due to transfer to prior year accounting adjustment.

City of Ontario
General Fund Year-End Results - Expenditures by Agency
Fiscal Year 2022-23

	FY 2022-23 Adopted Budget	FY 2022-23 Current Budget[1]	FY 2022-23 Actuals[2]	FY 2022-23 Budget Variance	% Expended
Community Development	$ 28,162,047	$ 34,169,836	$ 26,675,233	$ 7,494,603	**78.1%**
Community Life & Culture	20,157,624	22,450,378	20,766,615	1,683,763	**92.5%**
Economic Development	14,239,987	18,990,047	16,257,610	2,732,437	**85.6%**
Financial Services	17,815,770	18,049,339	15,146,597	2,902,742	**83.9%**
Human Resources/Risk Management	4,883,899	5,473,471	4,975,373	498,098	**90.9%**
Management Services	9,451,579	9,722,362	12,030,527	(2,308,165)[3]	**123.7%**
Ontario Fire Department	75,869,598	79,596,793	81,382,394	(1,785,601)[4]	**102.2%**
Ontario Police Department	113,392,979	118,760,071	118,529,456	230,615	**99.8%**
Public Works	8,466,127	9,866,530	8,991,464	875,066	**91.1%**
Transfers-Out	9,438,410	57,232,079	57,241,138	(9,059)[5]	**100.0%**
Total Expenditures & Transfers-Out	**$ 301,878,020**	**$ 374,310,906**	**$ 361,996,406**	**$ 12,314,500**	**96.7%**

[1]Reflects adjustments made at First Quarter, Mid Year, and Year-End
[2] FY 2022-23 Actuals are unaudited.
[3] Legal services increase due to redistricting and unanticipated City matters.
[4] Fire Department had a higher expended amount due to personnel costs.
[5] Transfers-Out had a higher expended amount due to transfer to prior year accounting adjustment.

City of Ontario General Fund Year-End Reconciliation (unaudited) Fiscal Year 2022-23	
Fiscal Year 2022-23 Revised Budget:	
Beginning Fund Balance 7/01/2022	**$ 73,920,837**
Resources & Transfers-In[1]	360,413,812
Appropriations & Transfers-Out[2]	(347,996,406)
Net Results for FY 2022-23	*$ 12,417,406*
Recommended Funding for Economic Development Activities	(5,700,000)
Surplus/(Deficit)	*$ 6,717,406*
Estimated Ending Fund Balance - 6/30/2023	**$ 80,638,243**
Fiscal Year 2022-23 Carryforward Obligations	(8,641,709)
Revised Estimated Fund Balance	**$ 71,996,534**
Estimated General Fund Reserve %[3]	**21.9%**

[1] Includes $6.3M in American Rescue Plan Act (ARPA) funding.
[2] Excludes $14M transfer from FY 2021-22 surplus
[3] Council adopted the FY 2022-23 budget with a 18% reserve level.

FY 2023-24
First Quarter
Budget Update

CITY OF ONTARIO

City of Ontario
General Fund Revenue by Category
Fiscal Year 2023-24
First Quarter Budget Update

	FY 2023-24 Adopted Budget	First Quarter Budget Update	FY 2023-24 Current Budget	Actuals as of 9/30/2023	% Received
Sales Tax	$ 131,065,000	$ -	$ 131,065,000	$ 9,810,800	7.5%
Sales Tax - Measure Q	95,792,000	-	95,792,000	4,818,462 [8]	5.0%
Property Tax	89,198,000	-	89,198,000	-	0.0%
Transient Occupancy Tax	16,500,000	-	16,500,000	1,541,779	9.3%
Business License Tax	8,914,000	-	8,914,000	2,159,093	24.2%
Parking Tax	3,500,000	-	3,500,000	612,260	17.5%
Other Taxes [1]	5,055,000	-	5,055,000	116,280	2.3%
Licenses and Permits	8,477,000	-	8,477,000	1,888,402	22.3%
Intergovernmental [2]	13,578,516	-	13,578,516	3,442,968	25.4%
Intergovernmental - ARPA [3]	9,932,965	-	9,932,965	2,007,342	20.2%
Charges for Services [4]	28,875,200	-	28,875,200	4,068,597	14.1%
Charges for Services - OIAA [5]	21,529,369	-	21,529,369	3,787,242	17.6%
Use of Money & Property	1,401,379	-	1,401,379	99,723	7.1%
Fines and Forfeitures	741,000	-	741,000	112,830	15.2%
Miscellaneous	2,020,000	90,000 [6]	2,110,000	382,536	18.1%
Total General Fund Revenues	**$ 436,579,429**	**$ 90,000**	**$ 436,669,429**	**$ 34,848,314**	**8.0%**
Transfers-In	2,000,000 [7]	-	2,000,000	2,000,000	100.0%
TOTAL RESOURCES	**$ 438,579,429**	**$ 90,000**	**$ 438,669,429**	**$ 36,848,314**	**8.4%**

[1] Other Taxes includes Franchise Tax ($3.5M), Property Transfer Tax ($1.5M)
[2] Intergovernmental includes Cost Allocation Plan Revenue, Disability, Worker's Compensation, & Unemployment Internal Service Allocation Revenue
[3] Funding from the American Rescue Plan Act (ARPA)
[4] Charges for Services includes Special Districts Service Charges ($12.2M)
[5] City services including Police & Fire for Ontario International Airport Authority (OIAA)
[6] Includes Airport Asset Seizure vehicle funding
[7] Transfers-In includes transfer to General Fund from the Public Services Fee Fund
[8] Includes one month of Measure Q revenues (July 2023)

City of Ontario
General Fund Expenditures by Category
Fiscal Year 2023-24
First Quarter Budget Update

	FY 2023-24 Adopted Budget	CIP/Grants/POs Carryforward	First Quarter Budget Update	FY 2023-24 Current Budget	Actuals as of 09/30/2023[1]	% Expended
Personnel Costs	$ 236,623,473	$ -	$ 758,963[2]	$ 237,382,436	$ 58,581,049	24.7%
Operating Expenditures	35,870,083	1,250,146	296,400[3]	37,416,629	11,062,679	29.6%
Contractual Services	22,863,974	5,751,024	-	28,614,998	10,971,773	38.3%
Internal Service Allocations	49,664,706	-	-	49,664,706	12,839,175	25.9%
Reimbursement Agreements	10,739,000	1,565,764	518,590[4]	12,823,354	2,230,828	17.4%
Capital Expenditures	1,292,130	74,775	-	1,366,905	184,145	13.5%
Transfers-Out	70,874,441[5]	-	90,000[6]	70,964,441	17,718,610	25.0%
Total General Fund Appropriations	**$ 427,927,807**	**$ 8,641,709**	**$ 1,663,953**	**$ 438,233,469**	**$ 113,588,259**	**25.9%**
FTE General Fund	1,018.78	-	-	1,018.78		
FTE Other Funds	498.22	-	-	498.22		
Total FTE All Funds	1,517.00	-	-	1,517.00		

[1] Includes expenses and obligations/PO's.

[2] Personnel Costs includes $750k for gainshare program.

[3] Operating expenditures includes $300k for Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave.

[4] Reimbursement Agreements include $519K for Lease Agreement with Mark Christopher Auto Center for LED sign upgrades.

[5] Transfers include $43.7M for Measure Q revenue transfer to Capital Projects, $16M for one time funding to Internal Service Funds for prior years funding shortfall, $4.4M for annual OPEB transfer to fund pay-as-you-go retiree medical expenses, $3.8M annual transfer of Sales Tax revenue to Capital Projects, and $2.5M annual Public Safety Equipment Reserve transfer.

[6] Transfers includes $90k Transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle.

City of Ontario
General Fund Expenditures by Agency
Fiscal Year 2023-24
First Quarter Budget Update

	FY 2023-24 Adopted Budget	CIP/Grants/POs Carryforward	First Quarter Budget Update	FY 2023-24 Current Budget	Actuals as of 09/30/2023[1]	% Expended
Community Development	$ 33,109,939	$ 4,032,504	$ 78,045[2]	$ 37,220,488	9,433,570	25.3%
Community Life & Culture	35,069,334	680,230	58,641[2]	35,808,205	8,307,414	23.2%
Economic Development	17,926,421	1,918,709	822,374[3]	20,667,504	4,905,359	23.7%
Financial Services	23,663,563	-	23,316[2]	23,686,879	4,317,645	18.2%
Human Resources/Risk Management	6,961,702	560,835	16,500[2]	7,539,037	1,348,768	17.9%
Management Services	9,772,741	5,000	19,827[2]	9,797,568	3,334,509	34.0%
Ontario Fire Department	88,583,579	349,526	225,563[2]	89,158,668	23,362,679	26.2%
Ontario Police Department	131,392,502	603,956	313,127[2]	132,309,585	34,416,748	26.0%
Public Works	10,573,585	490,949	16,560[2]	11,081,094	6,442,957	58.1%
Transfers-Out	70,874,441[4]	-	90,000[5]	70,964,441	17,718,610	25.0%
Total Appropriations & Transfers-Out	**$ 427,927,807**	**$ 8,641,709**	**$ 1,663,953**	**$ 438,233,469**	**$ 113,588,259**	**25.9%**
FTE General Fund	1,018.78	-	-	1,018.78		
FTE Other Funds	498.22	-	-	498.22		
Total FTE All Funds	1,517.00	-	-	1,517.00		

[1] Includes expenses and obligations/PO's.
[2] Gainshare program
[3] Economic Development includes $519K for Lease Agreement with Mark Christopher Auto Center for LED sign upgrades, and $300k for Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave.
[4] Transfers include $43.7M for Measure Q revenue transfer to Capital Projects, $16M for one time funding to Internal Service Funds for prior years funding shortfall, $4.4M for annual OPEB transfer to fund pay-as-you-go retiree medical expenses, $3.8M annual transfer of Sales Tax revenue to Capital Projects, and $2.5M annual Public Safety Equipment Reserve transfer.
[5] Transfers includes $90k Transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle.

City of Ontario General Fund Budget Summary Fiscal Year 2023-24 First Quarter Budget Update	
Fiscal Year 2023-24 Current Budget:	
Estimated Beginning Fund Balance [1]	**$ 80,638,243**
Fiscal Year 2023-24 Adopted Budget:	
Resources & Transfers-In	438,579,429
Appropriations & Transfers-Out	(427,927,807)
First Quarter Budget Recommendations	
Resources & Transfers-In	90,000
Appropriations & Transfers-Out	(1,663,953)
Fiscal Year 2022-23 Carryforward Obligations	(8,641,709)
Estimated Ending Fund Balance	**$ 81,074,203**
Estimated General Fund Reserve %	**20.6%**

[1] (A) FY 2022-23 Actuals are unaudited
(B) For FY 2023-24, the Council approved reserve level is 20% with the goal of increasing the reserves up to 25% in future fiscal years.

City of Ontario
Citywide Expenditures by Category
Fiscal Year 2023-24
First Quarter Budget Update

	FY 2023-24 Adopted Budget	CIP/Grants/POs Carryforward	First Quarter Budget Update	FY 2023-24 Current Budget	Actuals as of 09/30/2023[1]	% Expended
Personnel Costs	$ 312,000,126	$ 3,130,413	$ 2,033,273 [2]	$ 317,163,812	$ 76,249,440	24.0%
Operating Expenditures	220,667,391	37,516,444	8,321,550 [3]	266,505,385	68,184,150	25.6%
Contractual Services	165,365,742	211,695,569	24,137,727 [4]	401,199,038	87,079,547	21.7%
Internal Service Allocations	87,663,624	895,183	-	88,558,807	22,413,041	25.3%
Reimbursement Agreements	10,739,000	15,378,782	1,113,572 [5]	27,231,354	2,867,786	10.5%
Debt Service	49,005,277	13,232,022	-	62,237,299	4,280,406	6.9%
Capital Expenditures	43,089,870	61,653,115	1,027,052 [6]	105,770,037	18,362,657	17.4%
Transfers-Out	90,975,013	-	8,188,615 [7]	99,163,628	24,243,753	24.4%
Total Citywide Appropriations	**$ 979,506,043**	**$ 343,501,528**	**$ 44,821,789**	**$ 1,367,829,360**	**$ 303,680,780**	**22.2%**
FTE General Fund	1,018.78	-	-	1,018.78		
FTE Other Funds	498.22	-	-	498.22		
Total FTE All Funds	1,517.00	-	-	1,517.00		

[1] Includes expenses and obligations/PO's.

[2] Personnel Costs includes $970k for gainshare program, $520K for FY 2023-24 Office of Traffic Safety (OTS) STEP Grant, $233k for FY23-24 Americorps State Continuation Grant, $164k for Administration on Aging - Administration for Community Living Grant, $84k for FY 2023-24 CHP Cannabis Tax Fund Grant.

[3] Operating Expenditures includes $4.9M for Additional appropriations for IT Maintenance & Repairs, $2.5M for Replacement and purchase of Police handheld radios, $300k for Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave., $275K for Administration on Aging - Administration for Community Living Grant, $173k for FY 2023-24 CHP Cannabis Tax Fund Grant, $110k for FY23-24 Americorps State Continuation Grant.

[4] Contractual Services includes includes $12.0M for Ontario Sports Complex design services, consulting services, and project management, $10.0M Euclid Ave Recycled Water Phase 2 Grant, $964k for Additional appropriations for Anthony Munoz Gymnasium, $540k for Additional funding for construction of Omnitrans Premium Bus Shelter.

[5] Reimbursement Agreements includes $520k for Lease Agreement with Mark Christopher Auto Center for LED sign upgrades, $600k for Bon View Sewer Improvements Reimbursement Agreement.

[6] Capital Expenditures includes $675k for Property Acquisition for 325 N. Mountain Ave, $350k for Vehicle purchase and ballistic glass for new Police units.

[7] Transfers includes $7.9M transfer from excess Disability/Unemployment funds to General Liability to fund settlement payment, $200k transfer from Fleet to Facilities Maintenance for Fleet Services Shop at PD, $90k transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle.

City of Ontario
Citywide Expenditures by Fund Type
Fiscal Year 2023-24
First Quarter Budget Update

	FY 2023-24 Adopted Budget	CIP/Grants/POs Carryforward	First Quarter Budget Update	FY 2023-24 Current Budget	Actuals as of 09/30/2023[1]	% Expended
General Fund	$ 427,927,807	$ 8,641,709	$ 1,663,953 [2]	$ 438,233,469	$ 113,588,259	25.9%
Special Revenue Fund	64,676,567	84,502,938	3,766,383 [3]	152,945,888	28,583,363	18.7%
Capital Projects Fund	148,678,119	169,456,508	13,145,138 [4]	331,279,765	46,668,895	14.1%
Enterprise Funds	195,561,495	38,196,643	10,497,449 [5]	244,255,587	67,561,479	27.7%
Internal Service Funds	132,985,079	25,393,525	15,745,577 [6]	174,124,181	46,934,523	27.0%
Total City Funds	**$ 969,829,067**	**$ 326,191,323**	**$ 44,818,500**	**$ 1,340,838,890**	**$ 303,336,519**	**22.6%**
Ontario Housing Authority	9,676,976	17,310,205	3,289	26,990,470	344,261	1.3%
Total All Funds	**$ 979,506,043**	**$ 343,501,528**	**$ 44,821,789**	**$ 1,367,829,360**	**$ 303,680,780**	**22.2%**
FTE General Fund	1,018.78	-	-	1,018.78		
FTE Other Funds	498.22	-	-	498.22		
Total FTE All Funds	1,517.00	-	-	1,517.00		

[1] Includes expenses and obligations/PO's.
[2] General Fund includes $750k for gainshare program, $520k for Lease Agreement with Mark Christopher Auto Center for LED sign upgrades, $300k for Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave, $90k for Transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle.
[3] Special Revenue Funds includes $675k for Property Acquisition for 325 N. Mountain Ave, $540k for Additional funding for construction of Omnitrans Premium Bus Shelter, $570k for FY2023-24 Office of Traffic Safety (OTS) STEP Grant, $440k for Administration on Aging - Administration for Community Living Grant, $370k for FY2023-24 Americorps State Continuation Grant, $350k for Vehicle purchase and ballistic glass for new Police units, $250k for FY 2023-24 CHP Cannabis Tax Fund Grant, $175k for ADA concrete ramp construction.
[4] Capital Projects Funds includes $12.0M for Ontario Sports Complex design services, consulting services, and project management, $960k for Additional appropriations for Anthony Munoz Gymnasium, $230k for Bon View Sewer Improvements Reimbursement Agreement.
[5] Enterprise Funds includes $10.0M for Euclid Ave Recycled Water Phase 2 Grant, $370k for Bon View Sewer Improvements Reimbursement Agreement, $130k for gainshare program.
[6] Internal Service Funds includes $7.9M Transfer from Disability/Unemployment to General Liability to fund settlement payment, $4.9M for Additional appropriations for IT Maintenance & Repairs, $2.5M for Replacement and purchase of Police handheld radios, $200k for Additional appropriations for construction of Fleet Services Shop at PD, $200k Transfer from Fleet to Facilities Maintenance for Fleet Services Shop at PD.

City of Ontario
Authorized Full-Time Positions
Fiscal Year 2023-24
First Quarter Budget Update

Agency	FY 2023-24 Adopted Budget	Recommended First Quarter Budget Update	Total Authorized Full-Time Positions
Community Development	127.00	-	127.00
Community Life & Culture	103.00	-	103.00
Economic Development	9.00	-	9.00
Financial Services	51.00	1.00	52.00
Human Resources	29.00	-	29.00
Information Technology	55.00	-	55.00
Management Services	43.00	-	43.00
Ontario Fire Department[1]	265.00	-	265.00
Ontario Municipal Utilities Company	140.00	(1.00)	139.00
Ontario Police Department[2]	429.00	-	429.00
Public Works	266.00	-	266.00
Total Authorized Full-Time Positions	**1,517.00**	**0.00**	**1,517.00**
General Fund	854.88	-	854.88
Other Funds	662.12	-	662.12
Total FTE All Funds	**1,517.00**	-	**1,517.00**
[1] OFD positions includes the following sworn positions	212.00	-	212.00
[2] OPD positions includes the following sworn positions	313.00	-	313.00

City of Ontario
Recommended Personnel Changes
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Department	Proposed Change			Position	Action	Salary Range	
		General Fund	Other Fund	Total				
Community Development								
	Engineering Land Development	(1.00)	-	(1.00)	Permit Technician	Deletion	$ 5,171 -	$ 6,283
	Engineering Land Development	1.00	-	1.00	Engineering Assistant	Addition	$ 6,956 -	$ 8,450
	Transportation	(1.00)	-	(1.00)	Senior Associate Engineer	Deletion	$ 10,171 -	$ 12,359
	Transportation	1.00	-	1.00	Principal Engineer	Addition	$ 11,752 -	$ 14,281
	Field Services	(1.00)	-	(1.00)	Senior Public Works Inspector	Deletion	$ 7,599 -	$ 9,237
	Field Services	1.00	-	1.00	Supervising Public Works Inspector	Addition	$ 8,823 -	$ 10,719
	Engineering Land Development	(1.00)	-	(1.00)	Assistant Engineer	Deletion	$ 8,343 -	$ 10,140
	Engineering Land Development	1.00	-	1.00	Engineering Assistant	Addition	$ 6,956 -	$ 8,450
		-	-	-				
Community Life & Culture								
	Community Life & Culture Administration	(1.00)	-	(1.00)	Community Services Supervisor	Reclassification	$ 6,216	$ 7,552
	Homeless Continuum Care	1.00	-	1.00	Senior Recreation & Community Services Supervisor	Reclassification	$ 6,216	$ 7,552
	Museum	(1.00)	-	(1.00)	Arts & Culture Event Coordinator	Reclassification	$ 4,484	$ 5,446
	Recreation	1.00	-	1.00	Recreation & Community Services Coordinator	Reclassification	$ 4,484	$ 5,446
		-	-	-				
Economic Development								
	Economic Development	(1.00)	-	(1.00)	Economic Development Coordinator	Deletion	$ 8,202 -	$ 9,965
	Economic Development	1.00	-	1.00	Senior Management Analyst	Addition	$ 8,202 -	$ 9,965
		-	-	-				
Financial Services								
	Accounting	(1.00)	-	(1.00)	Accounting Manager	Reclassification	$ 9,960 -	$ 12,109
	Accounting	1.00	-	1.00	Accounting Supervisor	Reclassification	$ 9,960 -	$ 12,109
	Special Districts Administration	-	0.80	0.80	Departmental Administrator	Addition	$ 10,903 -	$ 14,508
	Accounting	0.20	-	0.20	Departmental Administrator	Addition	$ 10,903 -	$ 14,508
	Investments	(1.00)	-	(1.00)	Investment Officer	Reclassification	$ 9,178 -	$ 11,156
	Investments	1.00	-	1.00	Investment and Treasury Officer	Reclassification	$ 9,178 -	$ 11,156
		0.20	0.80	1.00				

City of Ontario
Recommended Personnel Changes
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Department	Proposed Change			Position	Action	Salary Range	
		General Fund	Other Fund	Total				
Information Technology								
	IT Systems	-	(1.00)	(1.00)	IT Systems Director	Deletion	$ 11,242 -	$ 13,662
	IT Systems	-	1.00	1.00	IT Manager	Addition	$ 10,387 -	$ 12,622
	IT Systems	-	(1.00)	(1.00)	IT Applications Director	Deletion	$ 11,242 -	$ 13,662
	IT Systems	-	1.00	1.00	IT Manager	Addition	$ 10,387 -	$ 12,622
	IT Systems	-	(1.00)	(1.00)	IT Technician	Deletion	$ 5,505 -	$ 6,689
	IT Operations	-	1.00	1.00	IT Manager	Addition	$ 10,387 -	$ 12,622
	IT Operations	-	(1.00)	(1.00)	IT Operations Director	Deletion	$ 11,242 -	$ 13,662
	IT Operations	-	1.00	1.00	Information Security Officer	Addition	$ 11,242 -	$ 13,662
	IT Operations	-	(1.00)	(1.00)	IT Specialist	Deletion	$ 6,117 -	$ 7,436
	IT Operations	-	1.00	1.00	Senior Information Technology Specialist	Addition	$ 6,750 -	$ 8,202
	IT Systems	-	(1.00)	(1.00)	IT Specialist	Deletion	$ 6,117 -	$ 7,436
	IT Systems	-	1.00	1.00	Systems Specialist	Addition	$ 6,117 -	$ 7,436
	IT Admin	-	(1.00)	(1.00)	Management Analyst	Deletion	$ 6,616 -	$ 8,043
	IT Admin	-	1.00	1.00	Management Assistant	Addition	$ 5,814 -	$ 7,067
		-	-	-				
Ontario Municipal Utilities								
	Water	-	(1.00)	(1.00)	Utilities Maintenance Worker	Deletion	$ 4,449	$ 5,408
	Sewer	-	(0.40)	(0.40)	Management Analyst	Deletion	$ 6,616	$ 8,043
	Water	-	(0.60)	(0.60)	Management Analyst	Deletion	$ 6,616	$ 8,043
	Sewer	-	0.40	0.40	Senior Management Analyst	Addition	$ 8,202	$ 9,965
	Water	-	0.60	0.60	Senior Management Analyst	Addition	$ 8,202	$ 9,965
		-	(1.00)	(1.00)				

City of Ontario
Recommended Personnel Changes
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Department	Proposed Change			Position	Action	Salary Range	
		General Fund	Other Fund	Total				
Public Works								
	Public Works Administration	(0.40)	-	(0.40)	Administrative Technician	Deletion	$ 4,668	$ 5,673
	Parks Maintenance	(0.30)	-	(0.30)	Administrative Technician	Deletion	$ 4,668	$ 5,673
	Public Grounds Maintenance	(0.30)	-	(0.30)	Administrative Technician	Deletion	$ 4,668	$ 5,673
	Public Works Administration	-	0.40	0.40	Administrative Assistant	Addition	$ 5,008	$ 6,086
	Parks Maintenance	-	0.30	0.30	Administrative Assistant	Addition	$ 5,008	$ 6,086
	Public Grounds Maintenance	-	0.30	0.30	Administrative Assistant	Addition	$ 5,008	$ 6,086
	Integrated Waste Administration	(1.00)	-	(1.00)	Administrative Technician	Deletion	$ 4,668	$ 5,673
	Integrated Waste Administration	-	1.00	1.00	Administrative Assistant	Addition	$ 5,008	$ 6,086
	Public Works Administration	(0.05)	-	(0.05)	Administrative Officer	Deletion	$ 9,960	$ 12,109
	Roadway Maintenance	-	(0.15)	(0.15)	Administrative Officer	Deletion	$ 9,960	$ 12,109
	Integrated Waste Administration	-	(0.60)	(0.60)	Administrative Officer	Deletion	$ 9,960	$ 12,109
	Fleet Management & Equip Replacement	-	(0.15)	(0.15)	Administrative Officer	Deletion	$ 9,960	$ 12,109
	Public Facilities Building Maintenance	-	(0.05)	(0.05)	Administrative Officer	Deletion	$ 9,960	$ 12,109
	Public Works Administration	0.05	-	0.05	Departmental Administrator	Addition	$ 10,903	$ 14,508
	Roadway Maintenance	-	0.15	0.15	Departmental Administrator	Addition	$ 10,903	$ 14,508
	Integrated Waste Administration	-	0.60	0.60	Departmental Administrator	Addition	$ 10,903	$ 14,508
	Fleet Management & Equip Replacement	-	0.15	0.15	Departmental Administrator	Addition	$ 10,903	$ 14,508
	Public Facilities Building Maintenance	-	0.05	0.05	Departmental Administrator	Addition	$ 10,903	$ 14,508
	Commercial Bin Collection	(1.00)	-	(1.00)	Integrated Waste Collector	Deletion	$ 4,039	$ 4,909
	Public Facilities Building Maintenance	-	1.00	1.00	Facilities Maintenance Supervisor	Addition	$ 6,484	$ 7,881
	Parks & Maintenance Supervision	(1.00)	-	(1.00)	Assistant Park & Maintenance Director	Deletion	$ 10,065	$ 12,237
	Parks & Maintenance Supervision	1.00	-	1.00	Park & Maintenance Director	Addition	$ 10,903	$ 14,508
	Public Grounds Maintenance	(1.00)	-	(1.00)	Senior Park Maintenance Technician	Deletion	$ 5,231	$ 6,353
	Public Grounds Maintenance		1.00	1.00	Park & Maintenance Supervisor	Addition	$ 6,484	$ 7,881
		(4.00)	4.00	-				
Total Additions/(Deletions)		**(3.80)**	**3.80**	**-**				

Net Change By Fund	Net FTE Change
1000 General Fund	(3.80)
2600 Special Assessment Administration	0.80
5010 Water Operating	(1.00)
5110 Sewer Operating	-
5210 Integrated Waste	-
6010 Equipment Services	-
6020 Information Technology	-
6030 Facility Maintenance	4.00
Grand Total	**-**

*Costs will be absorbed within the department's respective budget

City of Ontario
Budget Adjustment Highlights
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Description	Appropriation Adjustment	General Fund	Other Funds
Community Development				
	Ontario Sports Complex design services, consulting services, and project management PA2302 (CC Approved 8/15/2023)	1,625,701		1,625,701
	Additional funding for construction of Omnitrans Premium Bus Shelter TCHA05 (CC Approved 8/15/2023)	541,665	-	541,665
	Additional funding for construction, materials testing , and geotechnical engineering for Pedestrian Pathway Improvement TCAT11 (CC Approved 8/15/2023)	178,791	-	178,791
	ADA concrete ramp construction (CC Approved 9/19/2023)	175,000	-	175,000
	FY 2022-23 Gainshare Program	79,774	78,045	1,729
		2,600,931	**78,045**	**2,522,886**
Community Life & Culture				
	Administration on Aging - Administration for Community Living Grant (CC Approved 5/16/2023)	439,094	-	439,094
	FY 2023-24 Americorps State Continuation Grant (CC approved 8/15/2023)	368,000	-	368,000
	FY 2023-24 Inland SoCal Creative Corps Grant	100,000	-	100,000
	FY 2022-23 Gainshare Program	64,726	58,641	6,085
	FY 2023-24 Kaiser Permanente - Ontario Access Center Grant	20,000	-	20,000
	California Library Literacy Services FY23 Grant Additional Award Received	3,585	-	3,585
		995,405	**58,641**	**936,764**

City of Ontario
Budget Adjustment Highlights
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Description	Appropriation Adjustment	General Fund	Other Funds
Economic Development				
	Property Acquisition for 325 N. Mountain Ave (CC Approved 8/15/2023)	675,000	-	675,000
	Lease Agreement with Mark Christopher Auto Center for LED sign upgrades (CC Approved 7/18/2023)	518,590	518,590	-
	Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave. (CC Approved 8/15/2023)	296,400	296,400	-
	FY 2022-23 Gainshare Program	7,384	7,384	-
		1,497,374	**822,374**	**675,000**
Financial Services				
	FY 2022-23 Gainshare Program	29,397	29,397	-
		29,397	**29,397**	**-**
Human Resources/Risk Management				
	FY 2022-23 Gainshare Program	18,225	18,225	
		18,225	**18,225**	**-**
Information Technology				
	Additional appropriations for IT Maintenance & Repairs	4,884,815	-	4,884,815
	Replacement and purchase of Police handheld radios	2,500,000	-	2,500,000
	FY 2022-23 Gainshare Program	25,236	-	25,236
		7,410,051	**-**	**7,410,051**

City of Ontario
Budget Adjustment Highlights
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Description	Appropriation Adjustment	General Fund	Other Funds
Management Services				
	FY 2022-23 Gainshare Program	24,548	19,827	4,721
		24,548	**19,827**	**4,721**
OMUC				
	Euclid Ave Recycled Water Phase 2 Grant (CC approved 2/7/2023)	10,000,000	-	10,000,000
	Bon View Sewer Improvements Reimbursement Agreement (CC Approved 8/15/2023)	594,982	-	594,982
	FY 2022-23 Gainshare Program	74,537	-	74,537
		10,669,519	**-**	**10,669,519**
Ontario Fire Department				
	FY 2022-23 Gainshare Program	225,563	225,563	
	Homeland Security FY20- FD Grant Additional Award Received	2,452	-	2,452
		228,015	**225,563**	**2,452**
Ontario Police Department				
	FY 2023-24 Office of Traffic Safety (OTS) STEP Grant (CC Approved 3/21/2023)	570,000	-	570,000
	Vehicle purchase and ballistic glass for new Police units (CC Approved 09/05/2023)	349,600	-	349,600
	FY 2022-23 Gainshare Program	313,127	313,127	
	FY 2023-24 CHP Cannabis Tax Fund Grant (CC Approve 3/21/2023)	256,937	-	256,937
	FY 2023-24 Alcohol Policing Partnership Grant	35,608	-	35,608
	FY 2023-24 Office of Traffic Safety Ride-to-Live Grant	21,000	-	21,000
	CHP Every 15 Minutes Grant FY23 Grant	10,000	-	10,000
		1,556,272	**313,127**	**1,243,145**

City of Ontario
Budget Adjustment Highlights
Fiscal Year 2023-24
First Quarter Budget Update

Agency	Description	Appropriation Adjustment	General Fund	Other Funds
Public Works				
	Ontario Sports Complex design services, consulting services, and project management PA2302 (CC Approved 8/15/2023)	10,326,635		10,326,635
	Additional appropriations for Anthony Munoz Gymnasium PF2413 (CC Approved 10/17/2023)	963,820	-	963,820
	Additional appropriations for construction of Fleet Services Shop at PD (CC 7/18/2023)	198,615	-	198,615
	FY 2022-23 Gainshare Program	114,367	16,560	97,807
		11,603,437	**16,560**	**11,586,877**
	Total Expenditures	36,633,174	1,581,759	35,051,415
	Transfers-Out	8,188,615	-	8,188,615
	Grand Total	**$ 44,821,789**	**$ 1,581,759**	**$ 43,240,030**

Note: This schedule does not include Carryforward or transfers-out

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
GENERAL FUND					
Fund 1000 - General Fund					
Sewer Connection Fee Reimbursement Program for 221 N. Mountain Ave. (CC Approved 8/15/2023)	296,400	-	-	-	(296,400)
Lease Agreement with Mark Christopher Auto Center for LED sign upgrades (CC Approved 7/18/2023)	518,590	-	-	-	(518,590)
Manual Carryforward from FY 2022-23 for Museum HVAC upgrade	175,000	-	-	-	(175,000)
Manual Carryforward from FY 2022-23 for Public Art	100,000	-	-	-	(100,000)
Carryforward Obligations from FY 2022-23	6,800,945	-	-	-	(6,800,945)
Transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle	-	90,000	-	90,000	-
FY 2022-23 Gainshare Program	758,963	-	-	-	(758,963)
FY 2022-23 Manual Carryforward for Reimbursement Agreements	1,565,764	-	-	-	(1,565,764)
GENERAL FUND TOTAL	**10,215,662**	**90,000**	**-**	**90,000**	**(10,215,662)**
SPECIAL REVENUE FUNDS					
Fund 2010 - Community Development Block Grant					
Carryforward Grant Obligations from FY 2022-23	143,550	143,550	-	-	-
Carryforward Grant Appropriations from FY 2022-23	2,129,694	2,129,694	-	-	-
FY 2022-23 Gainshare Program	1,734	-	-	-	(1,734)
	2,274,978	2,273,244	-	-	(1,734)
Fund 2020 - HOME Grants					
Carryforward Grant Appropriations from FY 2022-23	591,770	591,770	-	-	-
Carryforward Grant Appropriations from FY 2022-23	462	462	-	-	-
Carryforward Grant Appropriations from FY 2022-23	280,735	280,735	-	-	-
Carryforward Grant Appropriations from FY 2022-23	275,512	275,512	-	-	-
Carryforward Grant Appropriations from FY 2022-23	136	136	-	-	-
Carryforward Grant Appropriations from FY 2022-23	34,925	34,925	-	-	-
FY 2022-23 Gainshare Program	557	-	-	-	(557)
	592,327	591,770	-	-	(557)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 2021 - Housing Grants					
Carryforward Grant Appropriations from FY 2022-23	795,467	795,467	-	-	-
	795,467	795,467	-	-	-
Fund 2210 - Measure I					
Carryforward CIP Obligations from FY 2022-23	4,336	-	-	-	(4,336)
Carryforward CIP Appropriations from FY 2022-23	3,698,127	-	-	-	(3,698,127)
	3,702,463	-	-	-	(3,702,463)
Fund 2220 - Measure I Valley Major Project					
Carryforward CIP Obligations from FY 2022-23	59,407	-	-	-	(59,407)
Carryforward CIP Appropriations from FY 2022-23	23,268,253	23,630,881	-	-	362,628
	23,327,660	23,630,881	-	-	303,221
Fund 2400 - General Fund Grants					
Homeland Security FY20- FD Grant Additional Award Received	2,452	2,452	-	-	-
California Library Literacy Services FY23 Grant Additional Award Received	3,585	3,585	-	-	-
CHP Every 15 Minutes Grant FY23 Grant	10,000	10,000	-	-	-
Administration on Aging - Administration for Community Living Grant (CC Approved 5/16/2023)	439,094	439,094	-	-	-
FY 2023-24 Inland SoCal Creative Corps Grant	100,000	100,000	-	-	-
FY 2023-24 CHP Cannabis Tax Fund Grant (CC Approve 3/21/2023)	256,937	256,937	-	-	-
FY 2023-24 Alcohol Policing Partnership Grant	35,608	35,608	-	-	-
FY 2023-24 Office of Traffic Safety (OTS) STEP Grant (CC Approved 3/21/2023)	570,000	570,000	-	-	-
FY 2023-24 Office of Traffic Safety Ride-to-Live Grant	21,000	21,000	-	-	-
FY 2023-24 Kaiser Permanente - Ontario Access Center Grant	20,000	20,000	-	-	-
Carryforward Grant Obligations from FY 2022-23	696,691	696,691	-	-	-
Carryforward Grant Appropriations from FY 2022-23	28,265,504	28,265,504	-	-	-
FY23-24 Americorps State Continuation Grant (CC Approved 8/15/2023)	368,000	368,000	-	-	-
FY 2022-23 Gainshare Program	505	-	-	-	(505)
	30,789,376	30,788,871	-	-	(505)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 2510 - DOJ Asset Seizure					
Vehicle purchase and ballistic glass for new Police units (CC Approved 09/05/2023)	349,600	-	-	-	(349,600)
Carryforward Obligations from FY 2022-23	56,669	-	-	-	(56,669)
	406,269	-	-	-	(406,269)
Fund 2513 - Fire Mutual Aid					
Carryforward Obligations from FY 2022-23	11,963	-	-	-	(11,963)
	11,963	-	-	-	(11,963)
Fund 2521 - Broadband / Fiber					
Carryforward CIP Obligations from FY 2022-23	937,737	-	-	-	(937,737)
Carryforward CIP Appropriations from FY 2022-23	8,664,555	-	-	-	(8,664,555)
Carryforward Obligations from FY 2022-23	15,670	-	-	-	(15,670)
Carryforward Grant Appropriations from FY 2022-23	74,294	74,294	-	-	-
FY 2022-23 Gainshare Program	4,721	-	-	-	(4,721)
	9,696,977	74,294	-	-	(9,622,683)
Fund 2530 - Gas Tax					
Carryforward CIP Obligations from FY 2022-23	1,491	-	-	-	(1,491)
Carryforward Obligations from FY 2022-23	269,410	-	-	-	(269,410)
Carryforward Grant Obligations from FY 2022-23	25,938	25,938	-	-	-
Carryforward Grant Appropriations from FY 2022-23	76,308	76,308	-	-	-
FY 2022-23 Gainshare Program	6,594	-	-	-	(6,594)
	1,206,089	102,246	-	-	(1,103,843)
Fund 2531 - Road Maint & Rehab Acct (SB1)					
ADA concrete ramp construction (CC Approved 9/19/2023)	175,000	-	-	-	(175,000)
Additional funding for construction, materials testing , and geotechnical engineering for Pedestrian Pathway Improvement TCAT11 (CC Approved 8/15/2023)	178,791	-	-	-	(178,791)
Additional funding for construction of Omnitrans Premium Bus Shelter TCHA05 (CC Approved 8/15/2023)	541,665	-	-	-	(541,665)
Carryforward CIP Obligations from FY 2022-23	1,679,143	-	-	-	(1,679,143)
Carryforward CIP Appropriations from FY 2022-23	4,144,787	-	-	-	(4,144,787)
Carryforward Obligations from FY 2022-23	20,909	-	-	-	(20,909)
	6,740,295	-	-	-	(6,740,295)
Fund 2550 - Air Quality Management District					
Carryforward CIP Appropriations from FY 2022-23	134,721	-	-	-	(134,721)
	134,721	-	-	-	(134,721)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 2570 - Economic Development Activities Fund					
Resolution of necessity for 325 N. Mountain Ave (CC Approved 8/15/2023)	675,000	-	-	-	(675,000)
Carryforward CIP Appropriations from FY 2022-23	660,056	-	-	-	(660,056)
	6,224,000	-	-	-	(6,224,000)
Fund 2600 - Special Assessment Administration					
Carryforward Obligations from FY 2022-23	51,060	-	-	-	(51,060)
FY 2022-23 Gainshare Program	2,973	-	-	-	(2,973)
	54,033	-	-	-	(54,033)
Fund 2610 - Parkway Maintenance					
Carryforward Obligations from FY 2022-23	4,454	-	-	-	(4,454)
	4,454	-	-	-	(4,454)
Fund 2640 - Storm Drain Maintenance					
Carryforward Obligations from FY 2022-23	28,613	-	-	-	(28,613)
FY 2022-23 Gainshare Program	2,567	-	-	-	(2,567)
	31,180	-	-	-	(31,180)
Fund 2650 - Park Impact/Quimby					
Carryforward CIP Obligations from FY 2022-23	1,163,357	-	-	-	(1,163,357)
Carryforward CIP Appropriations from FY 2022-23	1,113,712	-	-	-	(1,113,712)
	2,277,069	-	-	-	(2,277,069)
SPECIAL REVENUE FUNDS TOTAL	**88,269,321**	**58,256,773**	**-**	**-**	**(30,012,548)**

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
CAPITAL PROJECT FUNDS					
Fund 4010 - Capital Projects					
Additional appropriations for Anthony Munoz Gymnasium PF2413 (CC Approved 10/17/2023)	963,820	-	-	-	(963,820)
Ontario Sports Complex design services, consulting services, and project management PA2302 (CC Approved 8/15/2023)	11,952,336	-	-	-	(11,952,336)
Bon View Sewer Improvements Reimbursement Agreement (CC Approved 8/15/2023)	228,982	-	-	-	(228,982)
Carryforward CIP Obligations from FY 2022-23	23,663,367	-	-	-	(23,663,367)
Carryforward CIP Appropriations from FY 2022-23	67,169,440	1,002,453	-	-	(66,166,987)
	103,977,945	1,002,453	-	-	(102,975,492)
Fund 4020 - Ground Access					
Carryforward Grant Appropriations from FY 2022-23	412,010	412,010	-	-	-
Carryforward Grant Appropriations from FY 2022-23	1,944	1,944	-	-	-
Carryforward Grant Appropriations from FY 2022-23	100,795	100,795	-	-	-
Carryforward Grant Appropriations from FY 2022-23	309,271	309,271	-	-	-
	412,010	412,010	-	-	-
Fund 4030 - Affordability In-Lieu					
Carryforward CIP Appropriations from FY 2022-23	9,824,295	-	-	-	(9,824,295)
Carryforward Grant Appropriations from FY 2022-23	9,743,974	9,743,974	-	-	-
Carryforward Grant Appropriations from FY 2022-23	13,784	13,784	-	-	-
Carryforward Grant Appropriations from FY 2022-23	3,119,990	3,119,990	-	-	-
Carryforward Grant Appropriations from FY 2022-23	6,610,200	6,610,200	-	-	-
					-
	19,568,269	9,743,974	-	-	(9,824,295)
Fund 4211 - General Facility Impact					
Carryforward CIP Appropriations from FY 2022-23	1,708,152	-	-	-	(1,708,152)
	1,708,152	-	-	-	(1,708,152)
Fund 4212 - Integrated Waste Impact					
Carryforward Obligations from FY 2022-23	662,036	-	-	-	(662,036)
	662,036	-	-	-	(662,036)
Fund 4213 - Law Enforcement Impact					
Carryforward CIP Appropriations from FY 2022-23	1,149,535	-	-	-	(1,149,535)
	1,149,535	-	-	-	(1,149,535)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 4310 - Old Model Colony - Fire Impact					
Carryforward CIP Appropriations from FY 2022-23	463,351	-	-	-	(463,351)
	463,351	-	-	-	(463,351)
Fund 4311 - OMC - Local Adjacent Water					
Carryforward CIP Obligations from FY 2022-23	209,048	-	-	-	(209,048)
Carryforward CIP Appropriations from FY 2022-23	3,300,934	-	-	-	(3,300,934)
	3,509,982	-	-	-	(3,509,982)
Fund 4312 - OMC - Local Adjacent Streets					
Carryforward CIP Obligations from FY 2022-23	45,850	-	-	-	(45,850)
Carryforward CIP Appropriations from FY 2022-23	5,413,081	-	-	-	(5,413,081)
	5,458,931	-	-	-	(5,458,931)
Fund 4313 - OMC - Local Adjacent Storm Drain					
Carryforward CIP Obligations from FY 2022-23	524,932	-	-	-	(524,932)
Carryforward CIP Appropriations from FY 2022-23	4,622,659	-	-	-	(4,622,659)
Carryforward Obligations from FY 2022-23	288,438	-	-	-	(288,438)
	5,436,029	-	-	-	(5,436,029)
Fund 4314 - OMC - Local Adjacent Water					
Carryforward CIP Appropriations from FY 2022-23	1,087,419	-	-	-	(1,087,419)
	1,087,419	-	-	-	(1,087,419)
Fund 4317 - OMC - Regional Streets					
Carryforward CIP Appropriations from FY 2022-23	4,761,428	-	-	-	(4,761,428)
	4,761,428	-	-	-	(4,761,428)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 4318 - OMC - Regional Water					
Carryforward CIP Appropriations from FY 2022-23	3,361,749	-	-	-	(3,361,749)
	3,361,749	-	-	-	(3,361,749)
Fund 4410 - Ontario Ranch - Fire Impact					
Carryforward CIP Obligations from FY 2022-23	61,020	-	-	-	(61,020)
Carryforward CIP Appropriations from FY 2022-23	4,275,980	-	-	-	(4,275,980)
Carryforward Obligations from FY 2022-23	2,643,024	-	-	-	(2,643,024)
	6,980,024	-	-	-	(6,980,024)
Fund 4411 - Ontario Ranch - Local Adjacent Fiber					
Carryforward CIP Obligations from FY 2022-23	150,486	-	-	-	(150,486)
Carryforward CIP Appropriations from FY 2022-23	1,001,194	-	-	-	(1,001,194)
	1,151,680	-	-	-	(1,151,680)
Fund 4415 - Ontario Ranch - Local Adjacent Storm Drain					
Carryforward CIP Obligations from FY 2022-23	4,490,864	-	-	-	(4,490,864)
Carryforward CIP Appropriations from FY 2022-23	598,293	-	-	-	(598,293)
	5,089,157	-	-	-	(5,089,157)
Fund 4416 - NMC - Regional Fiber					
Carryforward CIP Obligations from FY 2022-23	201,482	-	-	-	(201,482)
	201,482	-	-	-	(201,482)
Fund 4419 - Ontario Ranch - Regional Streets					
Carryforward CIP Appropriations from FY 2022-23	7,214,001	-	-	-	(7,214,001)
	7,214,001	-	-	-	(7,214,001)
Fund 4420 - Ontario Ranch - Regional Water					
Carryforward CIP Obligations from FY 2022-23	3,501,894	-	-	-	(3,501,894)
Carryforward CIP Appropriations from FY 2022-23	6,906,572	-	-	-	(6,906,572)
	10,408,466	-	-	-	(10,408,466)
					-
CAPITAL PROJECT FUNDS TOTAL	**182,601,646**	**11,158,437**	**-**	**-**	**(171,443,209)**

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
ENTERPRISE FUNDS					
Fund 5010 - Water Operating					
Carryforward Obligations from FY 2022-23	2,530,250	-	-	-	(2,530,250)
FY 2022-23 Gainshare Program	55,584	-	-	-	(55,584)
	2,585,834	-	-	-	(2,585,834)
Fund 5011 - Water Capital					
Euclid Ave Recycled Water Phase 2 Grant (CC approved 2/7/2023)	10,000,000	10,000,000	-	-	-
Carryforward CIP Obligations from FY 2022-23	10,350,846	-	-	-	(10,350,846)
Carryforward CIP Appropriations from FY 2022-23	16,721,989	3,361,749	-	-	(13,360,240)
Carryforward Obligations from FY 2022-23	52,350	-	-	-	(52,350)
FY 2022-23 Gainshare Program	8,777	-	-	-	(8,777)
	37,133,962	13,361,749	-	-	(23,772,213)
Fund 5110 - Sewer Operating					
Carryforward Obligations from FY 2022-23	536,655	-	-	-	(536,655)
FY 2022-23 Gainshare Program	7,918	-	-	-	(7,918)
	544,573	-	-	-	(544,573)
Fund 5111 - Sewer Capital					
Bon View Sewer Improvements Reimbursement Agreement (CC Approved 8/15/2023)	366,000	-	-	-	(366,000)
Carryforward CIP Obligations from FY 2022-23	319,611	-	-	-	(319,611)
Carryforward CIP Appropriations from FY 2022-23	2,523,453	45,978	-	-	(2,477,475)
Carryforward CIP Appropriations from FY 2022-23	416,605	-	-	-	(416,605)
Carryforward CIP Appropriations from FY 2022-23	558,688	-	-	-	(558,688)
Carryforward CIP Appropriations from FY 2022-23	1,270,000	-	-	-	(1,270,000)
Carryforward CIP Appropriations from FY 2022-23	474	-	-	-	(474)
Carryforward CIP Appropriations from FY 2022-23		45,978	-	-	45,978
Carryforward CIP Appropriations from FY 2022-23	230,000	-	-	-	(230,000)
Carryforward CIP Appropriations from FY 2022-23	47,686	-	-	-	(47,686)
Carryforward Obligations from FY 2022-23	15,104	-	-	-	(15,104)
FY 2022-23 Gainshare Program	2,258	-	-	-	(2,258)
	3,226,426	45,978	-	-	(3,180,448)
Fund 5210 - Integrated Waste					
Carryforward CIP Obligations from FY 2022-23	28,777	-	-	-	(28,777)
Carryforward CIP Appropriations from FY 2022-23	1,407,351	-	-	-	(1,407,351)
Carryforward Obligations from FY 2022-23	3,543,747	-	-	-	(3,543,747)
Carryforward Grant Obligations from FY 2022-23	26,188	26,188	-	-	-
Carryforward Grant Appropriations from FY 2022-23	143,922	143,922	-	-	-
FY 2022-23 Gainshare Program	56,912	-	-	-	(56,912)
	5,203,297	166,510	-	-	(5,036,787)
ENTERPRISE FUNDS TOTAL	**48,694,092**	**13,574,237**	**-**	**-**	**(35,119,855)**

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
INTERNAL SERVICE FUNDS					
Fund 6010 - Equipment Services					
Manual Carryforward from FY 2022-23 for Citywide fleet vehicle purchases and outfitting costs	4,874,177	-	-	-	(4,874,177)
Carryforward CIP Appropriations from FY 2022-23	149,464	-	-	-	(149,464)
Carryforward Obligations from FY 2022-23	13,409,868	-	-	-	(13,409,868)
Transfer from General Fund to Fleet for purchase and outfitting costs of PD Airport unit vehicle	-	-	90,000	-	90,000
Transfer from Fleet to Facilities Maintenance for Fleet Services Shop at PD	-	-	-	198,615	(198,615)
FY 2022-23 Gainshare Program	15,267	-	-	-	(15,267)
	18,448,776	-	90,000	198,615	(18,557,391)
Fund 6020 - Information Technology					
Additional appropriations for IT Maintenance & Repairs	4,884,815	-	-	-	(4,884,815)
Replacement and purchase of Police handheld radios	2,500,000	-	-	-	(2,500,000)
Carryforward CIP Obligations from FY 2022-23	536,676	-	-	-	(536,676)
Carryforward CIP Appropriations from FY 2022-23	2,766,816	-	-	-	(2,766,816)
Carryforward Obligations from FY 2022-23	380,551	-	-	-	(380,551)
FY 2022-23 Gainshare Program	28,344	-	-	-	(28,344)
	11,097,202	-	-	-	(11,097,202)
Fund 6030 - Facilities & Parks Maintenance					
Additional appropriations for construction of Fleet Services Shop at PD (CC 7/18/2023)	198,615	-	-	-	(198,615)
Carryforward CIP Obligations from FY 2022-23	210,890	-	-	-	(210,890)
Carryforward CIP Appropriations from FY 2022-23	2,617,082	-	-	-	(2,617,082)
Carryforward Obligations from FY 2022-23	425,579	-	-	-	(425,579)
Transfer from Fleet to Facilities Maintenance for Fleet Services Shop at PD	-	-	198,615	-	198,615
FY 2022-23 Gainshare Program	18,196	-	-	-	(18,196)
	3,470,362	-	198,615	-	(3,271,747)

City of Ontario
Detail of Recommended Budget Adjustments by Fund
Fiscal Year 2023-24
First Quarter Budget Update

Description	Appropriation Adjustments	Revenue Adjustments	Operating Transfers-In	Operating Transfers-Out	Fund Balance Impact
Fund 6111 - General Liability					
Transfer from Disability/Unemployment to General Liability to fund settlement payment	-	-	7,900,000	-	7,900,000
FY 2022-23 Gainshare Program	1,629	-	-	-	(1,629)
	1,629	-	7,900,000	-	7,898,371
Fund 6112 - Disability / Unemployment Insurance					
Transfer from Disability/Unemployment to General Liability to fund settlement payment	-	-	-	7,900,000	(7,900,000)
FY 2022-23 Gainshare Program	96	-	-	-	(96)
	96	-	-	7,900,000	(7,900,096)
Fund 6210 - Pension Benefit Fund					
Carryforward CIP Obligations from FY 2022-23	21,422	-	-	-	(21,422)
Carryforward CIP Appropriations from FY 2022-23	1,000	-	-	-	(1,000)
	22,422	-	-	-	(22,422)
INTERNAL SERVICE FUNDS TOTAL	**33,040,487**	**-**	**8,188,615**	**8,098,615**	**(32,950,487)**
TOTAL CITY FUNDS BUDGET ADJUSTMENTS	**362,821,208**	**83,079,447**	**8,188,615**	**8,188,615**	**(279,741,761)**
Fund 2310 - Ontario Housing Authority					
Carryforward CIP Appropriations from FY 2022-23	9,887,093	9,824,295	-	-	(62,798)
Carryforward Obligations from FY 2022-23	25,367	-	-	-	(25,367)
Carryforward Grant Appropriations from FY 2022-23	6,880,607	6,880,607	-	-	-
Carryforward Grant Appropriations from FY 2022-23	1,880,010	1,880,010	-	-	-
Carryforward Grant Appropriations from FY 2022-23	118	118	-	-	-
Carryforward Grant Appropriations from FY 2022-23	3,061	3,061	-	-	-
Carryforward Grant Appropriations from FY 2022-23	4,597,418	4,597,418	-	-	-
Carryforward Grant Appropriations from FY 2022-23	400,000	400,000	-	-	-
FY 2022-23 Gainshare Program	3,289	-	-	-	(3,289)
	16,796,356	16,704,902	-	-	(91,454)
Fund 2320 - Housing Asset Fund					
Carryforward CIP Appropriations from FY 2022-23	517,138	-	-	-	(517,138)
	517,138	-	-	-	(517,138)
					-
AGENCY FUNDS TOTAL	**17,313,494**	**16,704,902**	**-**	**-**	**(608,592)**
					-
TOTAL ALL FUNDS BUDGET ADJUSTMENTS	**380,134,702**	**99,784,349**	**8,188,615**	**8,188,615**	**(280,350,353)**

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Adrian Escamilla Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam, Andrea Ampig Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 6

SUBJECT: **AN AMENDMENT TO THE DESIGN SERVICES AGREEMENT WITH ROBERT BORDERS AND ASSOCIATES FOR ON-CALL ARCHITECTURAL DESIGN SERVICES FOR THE ARMSTRONG COMMUNITY CENTER ROOF RESTORATION PROJECT**

RECOMMENDATION: That the City Council take the following actions:

A. Authorize the City Manager or his designee to execute Amendment No. 18 to the Design Services Agreement with Robert Borders and Associates, of Costa Mesa, California, for the Armstrong Community Center Roof Restoration Project in the amount of $40,303 for a not-to-exceed contract amount of $622,842; and
B. Authorize the City Manager or his designee to execute all documents required for the completion of the project including, but not limited to, contracts, agreements, assessments, easements, reduction of retention accounts, and filing a notice of completion at the conclusion of all construction related activities.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The Fiscal Year 2023-24 Adopted Budget includes appropriations in the Capital Projects Fund for the Armstrong Community Center Roof Restoration Project. The proposed Amendment to the Design Services Agreement with Robert Borders and Associates will increase the contract amount by $40,303 for a total not-to-exceed contract amount of $622,842. The total contract amount of $622,842 includes on-call work performed for various citywide projects.

BACKGROUND & ANALYSIS: The roof at Armstrong Community Center requires increased maintenance due to deterioration concerns, which were identified after an initial analysis was completed. The architectural services will consist of schematic designs of the exterior entry overhang, waterproofing, and structural framing design. The proposed remediation options will include a demolition plan, building cross sections, elevations, and other details as needed.

CITY OF ONTARIO
303 EAST B STREET | ONTARIO, CALIFORNIA 91764
(909) 395-2000 FAX (909) 395-2070 OntarioCA.gov

PAUL S. LEON
MAYOR

DEBRA PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

AMENDMENT NO. 18 TO THE DESIGN SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND ROBERT BORDERS AND ASSOCIATES

1. Parties and Date.

This Amendment No. 18 to the Agreement (as defined herein) is made and entered as of _____, by and between the City of Ontario ("City") and Robert Borders and Associates, a Corporation ("Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. Recitals.

2.1 Agreement. The City and Consultant have entered into an agreement entitled "Design Services Agreement" dated January 1, 2020 ("Agreement"). ("Agreement").

2.2 Amendment Purpose. The City and Consultant desire to amend the Agreement to revise the scope of services for the D&C22-014 Armstrong Center Roof Replacement Project set forth in Amendment No. 18 – Exhibit "A" and increase the not-to-exceed compensation amount by **Forty Thousand Three Hundred and Three Dollars ($40,303)**. The Parties have heretofore entered into that Amendment No. 1dated March 15, 2020, Amendment No. 2 dated June 22, 2020, Amendment No.3 dated November 19, 2020, Amendment No. 4 dated December 5, 2020, Amendment No. 5 dated January 15, 2021, Amendment No. 6 dated April 6, 2021, Amendment No. 7 dated August 11, 2021, Amendment No. 8 dated September 30, 2021, Amendment No. 9 dated September 30, 2021, Amendment No. 10 dated February 1, 2022, Amendment No. 11 dated October 1, 2022, Amendment No. 12 dated January 5, 2023, Amendment No. 13 dated May 17, 2023, Amendment No. 14 dated June 20, 2023, Amendment No. 15 dated June 20, 2023, Amendment No. 16 dated August 15, 2023 and Amendment No. 17 dated October 17, 2023 .

2.3 Amendment Authority. This Amendment No. 18 is authorized pursuant to Section 3.8.1 of the Agreement.

3. Terms.

3.1 Amendment. Section 3.10.1 of the Agreement is hereby amended in its entirety to

read as follows:

> "3.10.1 Consultant's Compensation for Basic Services. City shall pay to consultant, for the performance of all Services rendered under this Agreement, with the total not to exceed amount of **Six Hundred Twenty-Two Thousand and Eight Hundred Forty - Two Dollars ($622,842)** ("Total Compensation"). This Total Compensation amount shall be based upon, and may be adjusted according to, the fee schedule and related terms and conditions attached hereto as Exhibit "B" and incorporated herein by reference. The Total Compensation, as may be adjusted upon mutual agreement, shall constitute complete and adequate payment for Services under this Agreement."

Exhibit A is hereby deleted in its entirety and replaced with Attachment A attached hereto and incorporated herein by reference.

3.2 Continuing Effect of Agreement. Except as amended by this Amendment No. 18, all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. 18. From and after the date of this Amendment No. 18, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. 18.

3.3 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 18.

3.4 Severability. If any portion of this Amendment No. 18 is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5 Integration. This Amendment represents the entirety of the Parties' understanding relating to the subject of this Amendment, including written or verbal communications between the Parties, which shall have no relevance unless expressly incorporated herein. This is an integrated amendment.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR AMENDMENT NO. 18 TO DESIGN SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND ROBERT BORDERS AND ASSOCIATES

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. 18 as of the day and year first above written.

CITY OF ONTARIO

Approved By:

_____
Scott Ochoa
City Manager

Approved as to Form:

_____
Best Best & Krieger LLP
City Attorney

Attested By:

_____
City Clerk

Robert Borders and Associates

By: _____

Its: _____

Printed Name: _____

By: _____

Its: _____

Printed Name: _____

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

BORDERS ARCHITECTS

[O] 949-851-1317
1675 Scenic Ave., Suite 210
Costa Mesa, CA 92626

28 August 2023

City of Ontario Public Works Agency
1333 South Bon View Ave.
Ontario, CA 91761

Attention: Adrian Escamilla
Design & Construction Project Manger

Project: CITY OF ONTARIO
Armstong Community Center
1265 S. Palmetto Ave.
Ontario, CA 91762

Subject: Architectural Services Proposal

Dear Adrian:

Borders Architects is pleased to submit our proposal to provide Architectural Services for the architectural analysis & proposed remediation of the existing exterior entry overhang showing signs of failing roofing, waterproofing, and structural framing/loading design. A new roof for the entire building is proposed and required repairs and/or replacement of various damaged out lookers, fascia boards, trellis members, posts, attic vent screening, etc. on the exterior of the building as directed by the city. Roof gutter repairs and additions will be considered and included as directed.

Our services on this project will include Schematic Design, coordination with the city & consultants, preparation of Construction Drawings, Technical Specifications, processing drawings through the City Plan Check process and limited assistance during with the Bidding and Construction Administration Phase. Normal Structural, Electrical and Mechanical Engineering are included.

We propose that our work be performed as follows:

A. <u>BASIC SERVICES:</u>

1. SCHEMATIC DESIGN:

   a. Field verification of existing exterior building, handicap parking and site area within scope of proposed work.

   b. Establish basis design and work with the City to produce preliminary plan, elevation and notes outlining scope.

2. CONSTRUCTION DOCUMENTS PHASE: Construction Documents and Technical Specifications will be prepared per Borders Architectural Standards and will be based upon the approved space plan. The Construction Documents will include the following:

   a. Site plan indicating area of work, accessible parking and parking details.

   b. Partial Demolition Plan at entry area of work and Demolition Roof Plan.

   c. Partial Floor Plan, at entry area of work.

Continued on Next Page…

d. Partial Reflected Ceiling Plan at entry area of work.

e. Roof Plan.

f. Exterior Elevations as needed to show all areas of repair.

g. Partial Building sections and details as needed.

h. Structural Engineering plans prepared by our consultant.

i. (1) Cost Estimate prepared by our consultant at time of plan check submittal.

j. Book format Technical Specifications.

k. Submittal & processing the Construction Documents through the City Plan Check process.

l. Preparation of as-built drawings from contractors redline mark ups.

3. BIDDING & NEGOTIATION PHASE: Provide limited general coordination & support; respond to bidders, attend (1) bid job walk, etc. An allowance has been included for this phase and will be billed on a time and material basis.

4. CONSTRUCTION CONTRACT ADMINISTRATION PHASE: Provide administration of the contract during construction including (1) on-site visit & (1) virtual walk, review of submittals & RFI's, (1) punch walk, (1) re-walk of punch items, virtual meetings as needed, etc.

5. ASSUMPTIONS: Our Proposal is based upon certain assumptions that are listed below.

   a. Normal Building permit plan check processing is included. Special permits, Health Dept. review, planning approval, etc. beyond the scope of normal building permit submittal are not included and would be considered Additional Services.

   b. Engineering for security, fire alarm, audio-visual, data, and telephone communication systems are not included.

   c. Civil Engineering, Geotechnical Engineering & Landscape Architecture services are not included.

   d. Drawings will be prepared with architectural industry standards. Any client mark ups that deviate from the architectural standards will be an add service and billed on a time and materials basis.

   e. New roof screening for existing HVAC units to remain is excluded. Should this be required by Planning Department this will require additional services.

B. **ADDITIONAL SERVICES:** Additional Services are those services requested that are not specifically included as Basic Services; i.e., Preparation of additional revisions to the space plan, selection of new finishes, additional furniture coordination, beyond the scope, construction administration etc. will be considered additional services.

Continued on Next Page…

C. COMPENSATION:

1. BASIC SERVICES: Compensation will be on a time and material basis utilizing the hourly rate include below. The fee for this work will not exceed $40,303.00 without prior approval from The City of Ontario. **The proposed fees are valid for a period of 3 months from the date of proposal.** The breakdown is as follows:

BASIC SERVICES

Architecture:	
Schematic Design	$4,635.00
Construction Documents	12,750.00
Bidding & Negotiation	1,328.00 (12 Hr. Allowance)*
Construction Administration	3,645.00 (21 Hr. Allowance) *
Subtotal	$22,358.00
Consultant:	
Cost Estimating	$920.00
Structural Engineering w/CA	8,625.00
Technical Specifications	6,900.00
Subtotal	$16,445.00
Reimbursable Expenses	$1,500.00 (Allowance) *
Total Basic Services Fee	**$40,303.00**

*This amount may increase or decrease as expenses are incurred during the course of the Project, such as plan check fees, printing, etc.

2. ADDITIONAL SERVICES: Performed on an hourly basis utilizing the hourly rates indicated below. Consultants' fees for Additional Services will be invoiced at a multiple of 1.15 times the amount expended by our firm.

a. Hourly Rates:

CLASSIFICATION	HOURLY RATE
Principal	$215.00
Senior Project Manager/Associate	$195.00
Project Manager	$165.00
Senior Designer	$160.00
Intermediate Designer	$140.00
Junior Designer	$115.00
Senior Drafter	$150.00
Intermediate Drafter	$125.00
Junior Drafter	$100.00
Clerical/Word Processor	$85.00

3. REIMBURSABLE EXPENSES: Out-of-pocket expenses incurred on behalf of the Project such as travel, messenger services, plan check fees, printing, plotting, photography and other forms of reproducing drawings, specifications and documents will be billed to the Client as a reimbursable expense. ***These expenses will be invoiced at our cost plus 15% and are not considered part of Basic Services. An allowance has been provided for this purpose.***

4. PAYMENT METHOD: Invoices for services rendered and reimbursable expenses shall be submitted once a month on a net 30-day basis. Payments due and unpaid are subject to interest from the date payment is due at the maximum prevailing legal rate.

Continued on Next Page…

D. TERMS & CONDITIONS:

1. The Standard Form of Agreement Between Owner and Architect, AIA Document B151, 1997 Edition will be used as a reference for terms and conditions on this project.

E. INSURANCE: The Borders Architects insurance coverage currently in force is listed below. Similar coverage is required of our major engineering consultants.

TYPE	CARRIER	LIMIT	DEDUCTIBLE
Professional Liability	National Casualty	$2,000,000 Per Occurrence $4,000,000 Aggregate	$10,000.00 Per Claim
Comprehensive General Liability	Continental Casualty	$1,000,000 Per Occurrence $2,000,000 Aggregate	
Umbrella Liability	Continental Casualty	$2,000,000	
Auto Liability	Continental Casualty	$1,000,000	
Workers' Compensation	American Casualty Co. of Redding PA	$1,000,000	

F. REMODELING/REHABILITATION DISCLAIMER:

Inasmuch as the remodeling and/or rehabilitation of an existing building requires that certain assumptions be made regarding existing conditions, and because some of these assumptions may not be verifiable without expending additional sums of money, or destroying otherwise adequate or serviceable portions of the building, the Client will hold harmless, indemnify and defend the Architect from and against any and all claims arising out of the professional services provided under this agreement. The Architect agrees to be responsible for his or his employee's own negligent acts, errors, or omissions in the performance of their professional service. It is understood and agreed that this contract does not contemplate handling of, or design including use of, asbestos or any hazardous waste material. Therefore, Client agrees to hold harmless, defend and indemnify the Architect for all claims, lawsuits, expenses or damages arising from or related to the handling, use, treatment, purchase, sale, storage or disposal of asbestos, asbestos products or any hazardous waste materials, or hazardous materials in general.

G. AMERICANS WITH DISABILITIES ACT (ADA):

The Americans with Disabilities Act (ADA) requires removal of architectural barriers in existing facilities where such removal is readily achievable. Client acknowledges that the definition of "readily achievable" contained in the ADA is flexible and subject to interpretation on a case-by-case approach. The requirements of the ADA will therefore be subject to various possibly contradictory interpretations. The Architect will use its best professional efforts to interpret applicable ADA requirements and to advise Client as to the modifications to Client's facility that may be required to comply with the ADA. The Architect, however, cannot and does not warranty or guarantee that Client's facility will fully comply with interpretation of ADA requirements by regulatory bodies or court decisions.

This Proposal has been structured to reflect the level of services that we anticipate will best serve your needs on the Project. We would be pleased to respond to any alternatives that you wish to consider or answer any questions at your convenience.

Continued on Next Page…

We appreciate the opportunity to continue our relationship with City of Ontario and thank you for allowing us to present this proposal. If this proposal is acceptable, please sign one copy and return to our office.

Sincerely,

BORDERS ARCHITECTS

Loren Della Marna

Loren Della Marna, NCARB, AIA, LEED AP BD+C
Principal

DJP:jrg

Approved _____ Date_____

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Manuel Rebolledo Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam, Andrea Ampig Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 7

SUBJECT: APPROVE WEST COAST LIGHTS AND SIRENS, INC. AS AN AUTHORIZED SUPPLIER AND AWARD A GOODS & SERVICES AGREEMENT FOR FLEET VEHICLE EQUIPPING

RECOMMENDATION: That the City Council take the following actions:

A. Approve West Coast Lights and Sirens, Inc., of Riverside, California, as an authorized supplier for current and future purchases and installation of electronics and equipment associated with the routine replacement of City fleet vehicles; and
B. Authorize the City Manager or his designee to execute a Goods and Services Agreement with West Coast Lights and Sirens, Inc., of Riverside, California, for fleet vehicle equipping for a total not-to-exceed contract amount of $2,250,000 over a three-year term.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Operate in a Businesslike Manner

FISCAL IMPACT: The Fiscal Year 2023-24 Adopted Budget includes appropriations in the Equipment Services Fund for fleet vehicle equipping. The estimated cost for services for Fiscal Years 2024-2026 shall not exceed $750,000 per year for a total not-to-exceed contract amount of $2,250,000.

BACKGROUND & ANALYSIS: On February 20, 2018, the City Council had previously approved West Coast Lights and Sirens, Inc., of Riverside, California, as an authorized supplier for current and future purchases and installation of electronics and equipment in fleet vehicles. Staff recommends continuing the authorization of West Coast Lights and Sirens, Inc. as an approved supplier. This will improve the efficiency of getting vehicles outfitted quickly and ready to serve the community. The Public Works Agency, Fire Department, and Police Department Staff have identified West Coast Lights and Sirens, Inc., of Riverside, California, as a suitable supplier for equipping vehicles due to being factory authorized dealers for the equipment they provide and install and their reputation in the industry for the specialized work they perform.

CITY OF ONTARIO
303 EAST B STREET | ONTARIO, CALIFORNIA 91764
(909) 395-2000 FAX (909) 395-2070 OntarioCA.gov

PAUL S. LEON
MAYOR

DEBRA PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

CITY OF ONTARIO
GOODS & SERVICES AGREEMENT

This Agreement is made and entered into as of _____, by and between the City of Ontario, a municipal corporation organized under the laws of the State of California with its principal place of business at 303 East "B" Street, Ontario, California 91764-4196, County of San Bernardino, State of California ("City") and West Coast Lights and Sirens, Inc., a Corporation with its principal place of business at 601 Columbia Ave., Suite A-B, Riverside, CA 92507 ("Vendor"). City and Vendor are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

RECITALS

A. Vendor desires to perform and assume responsibility for the provision of certain services and goods required by the City on the terms and conditions set forth in this Agreement. Vendor represents that it is experienced in providing similar services and goods to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the services in the State of California and that is familiar with and understands the needs of City.

B. City desires to engage Vendor to sell to City the materials and/or equipment and/or render such services as more particularly described in this Agreement.

TERMS

1. SCOPE OF SERVICES.

1.1 General Scope of Services. Vendor promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the Outfitting of Emergency and City Vehicles services ("Services") which are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

1.2 Goods. Vendor agrees to sell to City and City agrees to purchase the materials and/or equipment ("Goods") as specified and per the specifications attached hereto and incorporated herein as Exhibit "A." Unless specifically stated otherwise, the Goods shall be new and unused and of the current production year.

2. TERM.

2.1 The term of this Agreement shall be from October 17, 2023 to June 30, 2026, unless earlier terminated as provided herein. The City shall have the unilateral option, at its sole discretion, to renew this Agreement automatically for no more than one (1) additional two-year term. Vendor shall provide all Goods and complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the work.

3. FEES AND PAYMENTS.

3.1 Compensation. Vendor shall receive compensation, including authorized reimbursements, for all Goods provided and Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Two Million Two Hundred Fifty Thousand** ($2,250,000) without written approval of City's Manager. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.2 Payment of Compensation. Vendor shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Vendor and Goods provided. The statement shall describe the amount of Services and Goods provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3 Reimbursement for Expenses. Vendor shall not be reimbursed for any expenses unless authorized in writing by City.

3.4 Extra Work. At any time during the term of this Agreement, City may request that Vendor perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Goods and Services, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Vendor shall not perform, nor be compensated for, Extra Work without written authorization from City's Representative.

4. RESPONSIBILITIES OF VENDOR.

4.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Vendor or under its supervision. Vendor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Vendor on an independent contractor basis and not as an employee. Vendor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Vendor shall also not be employees of City and shall at all times be under Vendor's exclusive direction and control. Neither City, or any of its officials, officers, directors, employees or agents shall have control over the conduct of Vendor or any of Vendor's officers, employees or agents, except as set forth in this Agreement. Vendor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of providing Goods and Services under this Agreement and as required by law. Vendor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

4.2 Schedule of Services.

4.2.1 Vendor shall perform the Services and provide Goods expeditiously, within the term of this Agreement, and in accordance with the Schedule of Goods and Services set forth in Exhibit "B" attached hereto and incorporated herein by reference ("Performance time"). Upon request of City, Vendor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Goods and Services. Vendor agrees that if the Goods are not provided and/or the Services are not completed within the Performance Time, it is understood, acknowledged and agreed that the City will suffer damage.

4.2.2 Neither City nor Vendor shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the services, only to the extent such strikes and other organized labor action are beyond the control of Vendor and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this Section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Agreement.

4.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Vendor to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

4.3 Conformance to Applicable Requirements. All work prepared by Vendor shall be subject to the approval of City.

4.4 Acceptance. The Goods shall be received subject to City's inspection and right of rejection. The Goods shall not be considered accepted until inspection, testing and/or use of the Goods is found to be in accordance with the City's specifications. Final inspection of the Goods shall be at the location specified herein, unless otherwise agreed in writing. If the Goods are found at any time to be defective in material or workmanship, or otherwise not in conformance with specifications, City shall have the right, in addition to any other rights which it may have under warranties or otherwise, to reject such Goods in whole or in part. Rejected Goods shall be held at Vendor's risk for a reasonable time thereafter and shall be returned or disposed of at Vendor's expense. No rejected Goods shall be replaced by Vendor without written instruction or authorization from City.

4.5 Coordination of Services. Vendor agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

4.6 Standard of Care; Performance of Employees. Vendor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Vendor represents and maintains that it is skilled in the professional calling necessary to perform the Services. Vendor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Vendor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City business license, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Vendor shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Vendor's failure to comply with the standard of care provided for herein. Any employee of the Vendor or its sub-Vendors who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Services, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed by the Vendor and shall not be re-employed to perform any of the Services provided under this Agreement.

4.7 Warranty. In addition to all warranties which may be provided by law, Vendor warrants that the Goods delivered hereunder shall, (a) be free from defect of material or workmanship and conform strictly to the specifications, drawings, or sample specified or furnished; (b) conform to drawings, plans, specifications, samples or other descriptions furnished, specified, accepted or approved by City; and (c) be merchantable and fit for the purposes intended. The warranty shall be for a period of one (1) year, or such longer period as provided by a manufacturer's warranty or as agreed to by Vendor and City, from the date of final written acceptance of the Goods by City. This warranty shall survive any inspection, delivery, acceptance, or payment by City of the Goods. Vendor, at its own expense, shall repair or replace, at the option of City, any defective Goods within two (2) business days after receipt of notice from City or within four (4) hours in case of emergency, as determined by City. Vendor also warrants that the Goods are free and clear of all liens and encumbrances whatsoever, that Vendor is conveying good and marketable title to same, and that Vendor owns or has a valid license for all of the proprietary technology and intellectual property incorporated within the Goods. Vendor agrees to indemnify, defend and hold City harmless against any and all third party claims resulting from the breach or inaccuracy of any of the foregoing warranties.

4.8 Reserved.

4.9 Disputes. Should any dispute arise respecting the true value of any work done, of any work omitted, or of any extra work which Vendor may be required to do, or respecting the size of any payment to Vendor during the performance of this Contract, Vendor shall continue to perform the Work while said dispute is decided by the City. If Vendor disputes the City's decision, Vendor shall have such remedies as may be provided by law.

4.10 Laws and Regulations; Employee/Labor Certifications. Vendor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting its performance under this Agreement, including all Cal/OSHA requirements, and shall give all notices required by law. Vendor shall be liable for all violations of such laws and regulations in connection with this Agreement. If the Vendor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the City, Vendor shall be solely responsible for all costs arising therefrom. City is a public entity

of the State of California subject to certain provisions of the Health & Safety Code, Government Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a municipality are a part of this Agreement to the same extent as though set forth herein and will be complied with. These include but are not limited to the payment of prevailing wages, the stipulation that eight (8) hours' labor shall constitute a legal day's work and that no worker shall be permitted to work in excess of eight (8) hours during any one calendar day except as permitted by law. Vendor shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

4.10.1 Employment Eligibility; Vendor. By executing this Agreement, Vendor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Such requirements and restrictions include, but are not limited to, examination and retention of documentation confirming the identity and immigration status of each employee of the Vendor. Vendor also verifies that it has not committed a violation of any such law within the five (5) years immediately preceding the date of execution of this Agreement, and shall not violate any such law at any time during the term of the Agreement. Vendor shall avoid any violation of any such law during the term of this Agreement by participating in an electronic verification of work authorization program operated by the United States Department of Homeland Security, by participating in an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, or by some other legally acceptable method. Vendor shall maintain records of each such verification, and shall make them available to the City or its representatives for inspection and copy at any time during normal business hours. The City shall not be responsible for any costs or expenses related to Vendor's compliance with the requirements provided for in Section 4.10 or any of its sub-sections.

4.10.2 Employment Eligibility; Subcontractors, and Consultants. To the same extent and under the same conditions as Vendor, Vendor shall require all of its subcontractors, and consultants performing any work relating to this Agreement to make the same verifications and comply with all requirements and restrictions provided for herein.

4.10.3 Employment Eligibility; Failure to Comply. Each person executing this Agreement on behalf of Vendor verifies that they are a duly authorized officer of Vendor, and understands that any of the following shall be grounds for the City to terminate the Agreement for cause: (1) failure of Vendor or its subcontractors, or consultants to meet any of the requirements provided for in Sections 4.10.1 or 4.10.2; (2) any misrepresentation or material omission concerning compliance with such requirements (including in those verifications provided to the Vendor under Section 4.10.2); or (3) failure to immediately remove from this contract any person found not to be in compliance with such requirements.

4.10.4 Labor Certification. By its signature hereunder, Vendor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

4.10.5 Equal Opportunity Employment. Vendor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or

applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Vendor shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

4.10.6 Air Quality. Vendor must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the California Air Resources Board (CARB). Vendor shall specifically be aware of the CARB limits and requirements' application to "portable equipment", which definition is considered by CARB to include any item of equipment with a fuel-powered engine. Vendor shall indemnify City against any fines or penalties imposed by CARB or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Vendor, its subcontractors, or others for whom Vendor is responsible under its indemnity obligations provided for in this Agreement.

4.10.7 Water Quality.

4.10.7.1 Management and Compliance. To the extent applicable, Vendor's Services must account for, and fully comply with, all local, state and federal laws, rules and regulations that may impact water quality compliance, including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); laws, rules and regulations of the Environmental Protection Agency, the State Water Resources Control Board and the Santa Ana Regional Water Quality Control Board; the City's ordinances regulating discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

4.10.7.2 Liability for Non-Compliance. Failure to comply with the laws, regulations and policies described in this Section is a violation of law that may subject Vendor or City to penalties, fines, or additional regulatory requirements. Vendor shall defend, indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from and against any and all fines, penalties, claims or other regulatory requirements imposed as a result of Vendor's non-compliance with the laws, regulations and policies described in this Section, unless such non-compliance is the result of the sole negligence or willful misconduct of the City, its officials, officers, agents, employees or authorized volunteers.

4.10.7.3 Training. In addition to any other standard of care requirements set forth in this Agreement, Vendor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them without impacting water quality in violation of the laws, regulations and policies described in this Section. Vendor further warrants that it, its employees and subcontractors will receive adequate training, as determined by City, regarding the requirements of the laws, regulations and policies described in this Section as they may relate to the Services provided under this Agreement. Upon request, City will provide Vendor with a list of training programs that meet the requirements of this paragraph.

5. PROJECT MANAGEMENT

5.1 City's Representative. The City hereby designates Manny Rebolledo, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Agreement. Vendor shall not accept direction or orders from any person other than the City's Representative or his or her designee.

5.2 Vendor's Representative. Vendor hereby designates Mitchel Gonzalez, Sales Manager, or his or her designee, to act as its representative for the performance of this Agreement ("Vendor's Representative"). Vendor's Representative shall have full authority to represent and act on behalf of the Vendor for all purposes under this Agreement. The Vendor's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all work required under this Agreement.

6. INSURANCE.

6.1 Time for Compliance. Vendor shall not commence work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this Section. In addition, Vendor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under this Section.

6.2 Minimum Requirements. Vendor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Vendor, its agents, representatives, employees or subcontractors. Vendor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

6.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. The policy shall not contain any exclusion contrary to the Agreement, including but not limited to endorsements or provisions limiting coverage for (1) contractual liability (including but not limited to ISO CG 24 26 or 21 29); or (2) cross liability for claims or suits by one insured against another.

6.2.2 Minimum Limits of Insurance. Vendor shall maintain limits no less than: (1) *General Liability:* $2,000,000 MINIMUM per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability:* $2,000,000 MINIMUM per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability:* Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of $1,000,000 MINIMUM per accident for bodily injury or disease. Defense costs shall be paid in addition to the limits.

6.2.3 Manufacturer of Goods. If Vendor is also the manufacturer of any equipment included in the Goods, Vendor shall carry Product Liability and/or Errors and Omissions Insurance which covers said equipment with limits of not less than $1,000,000.

6.2.4 Notices; Cancellation or Reduction of Coverage. At least fifteen (15) days prior to the expiration of any such policy, evidence showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or materially reduced, Vendor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, the City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by the City will be promptly reimbursed by Vendor or the City may withhold amounts sufficient to pay premium from Vendor payments. In the alternative, the City may suspend or terminate this Agreement.

6.2.5 Additional Insured. The City of Ontario, its directors, officials, officers, employees, agents, and volunteers shall be named as additional insureds on Vendor's and its subcontractors' policies of commercial general liability and automobile liability insurance using the endorsements and forms specified herein or exact equivalents.

6.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Vendor shall provide endorsements on forms supplied or approved by the City to add the following provisions to the insurance policies:

6.3.1 General Liability. The general liability policy shall include or be endorsed (amended) to state that: (1) using ISO CG forms 20 10 and 20 37, or endorsements providing the exact same coverage, the City of Ontario, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Services or ongoing and complete operations performed by or on behalf of the Vendor, including materials, parts or equipment furnished in connection with such work; and (2) using ISO form 20 01, or endorsements providing the exact same coverage, the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Vendor's scheduled underlying coverage. Any excess insurance shall contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of the City, before the City's own primary insurance, deductible, or self-insurance shall be called upon to protect it as a named insured. Any insurance, deductible, or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Vendor's insurance and shall not be called upon to contribute with it in any way. Notwithstanding the minimum limits set forth in Section 6.2.2, any available insurance proceeds in excess of the specified minimum limits of coverage shall be available to the parties required to be named as additional insureds pursuant to this Section 6.3.1.

6.3.2 Automobile Liability. The automobile liability policy shall include or be endorsed (amended) to state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Vendor or for which the Vendor is responsible; and (2) the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Vendor's scheduled

underlying coverage. Any insurance, deductible, or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Vendor's insurance and shall not be called upon to contribute with it in any way. Policy shall contain or be endorsed to contain such provisions. Notwithstanding the minimum limits set forth in Section 6.2.2, any available insurance proceeds in excess of the specified minimum limits of coverage shall be available to the parties required to be named as additional insureds pursuant to this Section 6.3.2.

6.3.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Vendor.

6.3.4 All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days (10 days for nonpayment of premium) prior written notice by certified mail, return receipt requested, has been given to the City; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, its directors, officials, officers, employees, agents, and volunteers. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officials, officers, employees, agents and volunteers, or any other additional insureds.

6.4 Separation of Insureds; No Special Limitations; Waiver of Subrogation. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, its directors, officials, officers, employees, agents, and volunteers. Requirement of specific coverage or minimum limits contained in this Section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. All policies shall waive any right of subrogation of the insurer against the City, its officials, officers, employees, agents, and volunteers, or any other additional insureds, or shall specifically allow Vendor or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Vendor hereby waives its own right of recovery against City, its officials, officers, employees, agents, and volunteers, or any other additional insureds, and shall require similar written express waivers and insurance clauses from each of its subcontractors.

6.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. Vendor shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its directors, officials, officers, employees, agents, and volunteers; or (2) the Vendor shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

6.6 Subcontractor Insurance Requirements. Vendor shall not allow any subcontractors to commence work on any subcontract relating to the work under the Agreement until they have provided evidence satisfactory to the City that they have secured all insurance required under this Section. If requested by Vendor, the City may approve different scopes or minimum limits of insurance for particular subcontractors. The Vendor and the City shall be named as additional insureds on all subcontractors' policies of Commercial General Liability using ISO form 20 38, or coverage at least as broad.

6.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the City.

6.8 Verification of Coverage. Vendor shall furnish City with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the City if requested. All certificates and endorsements must be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

6.9 Reporting of Claims. Vendor shall report to the City, in addition to Vendor's insurer, any and all insurance claims submitted by Vendor in connection with the Services under this Agreement.

7. INDEMNIFICATION.

7.1 Scope of Indemnity. To the fullest extent permitted by law, Vendor shall defend, indemnify and hold the City, its officials, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, regardless of whether the allegations are false, fraudulent, or groundless, to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Vendor, its officials, officers, employees, subcontractors, consultants or agents arising out of or in connection with the Services, the Goods or this Agreement, including without limitation the payment of all expert witness fees, attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent required by Civil Code section 2782, Vendor's indemnity obligation shall not apply to such loss or damage which is caused by the sole negligence or willful misconduct of the City.

7.2 Additional Indemnity Obligations. Vendor shall defend, with counsel of City's choosing and at Vendor's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against City or its officials, employees, agents and volunteers. In addition, Vendor shall pay and satisfy any judgment, award or decree that may be rendered against City or its officials, employees, agents and volunteers as part of any such claim, suit, action or other proceeding. Vendor shall also reimburse City for the cost of any settlement paid by City or its officials, employees, agents and volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for City's attorney's fees and costs, including expert witness fees. Vendor shall reimburse City and its officials, employees, agents and volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Vendor's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by the City, its officials, employees, agents and volunteers.

8. CALIFORNIA LABOR CODE

8.1 Prevailing Wages. Vendor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and

the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Vendor agrees to fully comply with such Prevailing Wage Laws. City shall provide Vendor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Vendor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Vendor's principal place of business and at the project site. Vendor shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Vendor shall therefore comply with such Labor Code sections to the fullest extent required by law.

8.2 Registration. If the Services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Vendor and all subcontractors must be registered with the Department of Industrial Relations. Vendor shall maintain registration for the duration of this Agreement and require the same of any subcontractor. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

8.3 Compliance Monitoring. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Vendor's sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Vendor or any subcontractor that affect Vendor's performance of Services, including any delay, shall be Vendor's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Vendor caused delay and shall not be compensable by the City. Vendor shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Vendor or any subcontractor.

9. SAFETY.

Vendor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its services, the Vendor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

10. ACCOUNTING RECORDS.

Vendor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Vendor shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Vendor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

11. TERMINATION OF AGREEMENT.

11.1 Grounds for Termination. City may, by written notice to Vendor, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Vendor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Vendor shall be compensated only for those Services and Goods which have been adequately rendered to City, and Vendor shall be entitled to no further compensation. If terminated for cause because the Vendor refused or failed to deliver the Goods, the City may obtain Goods by whatever method it may deem expedient. If City's cost of obtaining the Goods, including compensation for additional managerial and administrative services, will exceed the unpaid balance of the Goods, Vendor will be liable for and will pay the difference to City. Vendor may not terminate this Agreement except for cause. The rights and remedies of the City provided in this Section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

11.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Vendor to provide all finished or unfinished documents and data and other information of any kind prepared by Vendor in connection with the performance of the Services under this Agreement. Vendor shall be required to provide such document and other information within fifteen (15) days of the request.

11.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, goods and services similar to those terminated.

12. GENERAL PROVISIONS.

12.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Vendor:

West Coast Lights & Sirens, Inc
601 Columbia Ave. Suite A-B,
Riverside ,CA 92507
Attn: Mitchel Gonzalez

City:

City of Ontario

303 E. B Street
Ontario, CA 91764
Attn: Manny Rebolledo, Fleet Services

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

12.2 Subcontracting. Vendor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

12.3 Governing Law; Government Code Claim Compliance. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Bernardino County. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Vendor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the City. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Vendor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Vendor shall be barred from bringing and maintaining a valid lawsuit against the City.

12.4 Time of Essence. Time is of the essence for each and every provision of this Agreement.

12.5 City's Right to Employ Other Vendors. City reserves right to employ other Vendors in connection with the Goods and Services provided under this Agreement.

12.6 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

12.7 Assignment or Transfer. Vendor shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

12.8 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Vendor include all personnel, employees, agents, and subcontractors of Vendor, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

12.9 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

12.10 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

12.11 No Third Party Beneficiaries. Except to the extent expressly provided for in Section 12.7, there are no intended third party beneficiaries of any right or obligation assumed by the Parties.

12.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

12.13 Prohibited Interests. Vendor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Vendor, to solicit or secure this Agreement. Further, Vendor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Vendor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Vendor further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the City's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

12.14 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

12.15 Authority to Enter Agreement. Vendor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

12.16 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

12.17 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

SIGNATURES ON NEXT PAGE

SIGNATURE PAGE FOR GOODS & SERVICES AGREEMENT
BETWEEN THE CITY OF ONTARIO
AND WEST COAST LIGHTS & SIRENS, INC.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the day and year first above written.

CITY OF ONTARIO

Approved By:

_____
Scott Ochoa
City Manager

Approved as to Form:

_____
Best Best & Krieger LLP
City Attorney

Attested By:

_____
Assistant City Clerk

WEST COAST LIGHTS & SIRENS, INC.

By: _____

Its: _____

Printed Name: _____

By: _____

Its: _____

Printed Name: _____

If Corporation, TWO SIGNATURES,
President OR Vice President <u>AND</u>
Secretary OR Treasurer REQUIRED

EXHIBIT "A"

SCOPE OF SERVICES

Scope of Work

The intent of this "scope of work" is to describe the present and future fleet. Typical installation based on components utilized in our present departments in addition to potential repairs to existing equipment. The vast majority of installation work based on historical replacement purchases will be performed on marked and unmarked law enforcement vehicles. Listed below is a description of the equipment involved in a typical removal and installation for a marked and unmarked City of Ontario sedan. Other Police and Fire vehicles such as SUVs' and vans will be outfitted to suit the operational needs of the City of Ontario. When such SUV's and vans are to be outfitted, City of Ontario Fleet Services Management will contact the vendor and by mutual agreement determine the specifications of the equipment to be installed and the price the vendor is going to charge.

Existing Standard Equipment Removal & Installation

- Remove light bar.
- Remove communications consoles.
- Remove computer system, mounts and wiring.
- Remove heavy duty master circuit breaker at battery.
- Remove all fuse assemblies.
- Remove siren/speaker.
- Remove Headlight Flasher Module
- Remove (3) Motorola Two-Way Radios & Related Equipment
- Remove rear deck lights and cables and connectors to trunk.
- Remove front and rear corner strobe wiring, connectors, power supply and strobe lamps.
- Remove prisoner seat to include seatbelt and all hardware.
- Remove prisoner partition.
- Remove weapon racks.
- Remove Side Rear Window Barriers.

Reuse of existing electronic hardware and equipment is preferred when such equipment is in serviceable condition and fits the vehicle that the equipment is being installed in. City of Ontario Fleet Services Management and the vendor will determine what items will be reused, if at all. When new emergency equipment is purchased from the vendor, the price of the equipment shall reflect the discount %. All old/unusable equipment shall be returned to fleet

service. Vendor shall stock all replacement equipment so no delay will occur during repairs/installation.

Pickup and Delivery

If the vendor provides pickup and delivery service for vehicles or parts, the location of the City of Ontario Fleet Services is located at 1425 South Bon View Ave, Ontario, Ca. Normal business hours are considered to be on a Monday through Friday basis, 7:00 AM to 5:00 PM. In certain situations and/or by mutual agreement vehicles and parts will be picked up by City of Ontario Fleet Services Personnel. If pickup and delivery service is not available, vehicles and parts will be picked up by City of Ontario Personnel.

All delivered/picked up parts or completed work must be accompanied with a picking ticket or an invoice. The invoice or picking ticket must state the vendors name, part name with corresponding part number, purchase price, and a purchase order number, that was given at the time of order. Work orders must also include a brief description of any work or repairs performed or service recommended, and the estimated cost of repairs. If the estimate is later revised, the following information must be provided: time, date, and name of person making the revision, and recommended future repairs with all estimated costs. All estimate revisions must be presented in writing by fax to the City of Ontario's Fleet Services Management at 909-395-2648 or emailed to FleetServices@ontarioca.gov.

At the time of delivery the vendor's representative will pick-up any cores and issue a core credit receipt to the City of Ontario Parts Manager or Fleet representative.

All Fleet will be labeled OUT of SERVICE for delivery.

EXHIBIT "B"

SCHEDULE OF SERVICES

[SAMPLE PARTS LIST

ITEM	DESCRIPTION
36-2055/SUV	WESTIN BUMPER
36-2055PB	WESTIN PIT BAR
36-2055W	WESTIN HEADLIGHT WRAP AROUND
ONTARIO PD / BIKE	PUSHBUMPER MOUNT BIKE RACKS W/ STRAP
IPX620-BR	DUAL COLOR HORTIZONTAL B/R
SPOT/ P46FLC	WHELEN LED FLOOD LIGHT
211030-0002	SPOTLIGHT DRIVER SIDE
211031-0002	SPOTLIGHT PASSENGER SIDE
CC-UV-L-18	TROY CONSOLE
CM-PSUV-SL-LED	COMPUTER MOUNT
ONTARIO/M180S-X	INTERSECTION/PUDDLE LIGHT
QK2120ITU12	#12 EXPANDED METAL W/REPLACEMENT
PK1134ITU12TM	#8XL COATED POLY PARTITION
WK0040ITU12	WK0040ITU12 CARGO AREA WINDOWS
GK10701UHK	ST-RAIL VALULT 1 UNIVERSAL
TK0250ITU12	CARGI BOX DSK-BSK 12-18
TPA9289	TPA9289 LOWER SLIDING EQUIPMENT TRAY
TK0476ITU12	SETINA EASY LIFT CARGO DECK
D.PANEL / DK0100ITU12	SETINA DOOR PANEL
WK0595ITU12	RSO WINDOW POLY SCREENS
MPS600U-BA	MICROPLUSE ULTRA THIN 6-LED
FHL-TAIL	TAIL LIGHT FLASHER FHL-TAIL
MS6BH-R	MS6BH-RR 6 LED HOOD AND DECK MOUNT
SSP3000B	FEDERAL SMART PLATINUM 100/200 WATT SIREN
VALR442-CAL2	VAKR44S-XAL2- FEDERAL SIGNAL 44-INCHE VALOR
PREEMTION / MDASHCPE	CODE 3 PREEMPTION SUPPLY OPTICOME

EXHIBIT "C"

COMPENSATION

A. Rate per Hour Compensation

No.	Labor Rate	Per Hour
1.	Regular Hours (Mon – Fri) per worker	$ 80.00
2.	After Hours (Weekends) per worker	$ 0.00

B. DISCOUNT

Per Vendor and City of Ontario agreement majority of parts to be discounted of manufacturers list price. Fabricated parts and non-standard parts not frequently used or requested price will be negotiated prior to purchase or negotiated.

PRICING

The following list represents the percentage mark-up and discounts for requested parts and supplies:

WESTIN: **41**% OFF LIST PRICE

FED SIG: **47%** OFF LIST PRICE

- EXCEPTION: (8% MARK UP BASED ON DISCOUNT ON THE FOLLOWING ITEMS): Q2B/EQ2B SIREN PARTS, COMMANDER SERIES LIGHTS, AIR-EL, STINGER

TROY: **38%** OFF LIST PRICE

SETINA: **31%** OFF LIST

-

EXCEPTION:

- BLAC RAC: **13.7% OFF LIST**
- BUMPERS: **22% OFF LIST**

All list and discount pricing are based off current 2019 price sheets from vendors.

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Manuel Rebolledo Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam, Andrea Ampig Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 8

SUBJECT: APPROVAL OF PRE-AUTHORIZED SUPPLIERS TO PROVIDE SERVICES AND PARTS FOR SPECIALIZED FLEET AND EQUIPMENT

RECOMMENDATION: That the City Council take the following actions:

A. Approve pre-authorized suppliers to provide parts and maintenance services for specialized fleet and equipment; and
B. Authorize the City Manager or his designee to execute contracts with each vendor for no more than the listed not-to-exceed contract amounts.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Operate in a Businesslike Manner

FISCAL IMPACT: The designation of pre-authorized suppliers to provide services and parts for the variety of fleet vehicles does not commit the City to any specific levels of future expenditures with these suppliers. Expenditures for each supplier, and in total for each fiscal year, will not exceed the Public Works Agency's appropriations limits established by the City Council.

BACKGROUND & ANALYSIS: The Public Works Agency maintains the vehicles and equipment used by various City Departments. To ensure that the vehicles and equipment are safe to operate, maintenance and repairs are necessary on a regular basis; and undue time delays affect the City's ability to provide services to the community. Due to specialized parts used on these vehicles and equipment, there is a limited number of authorized suppliers that can provide them. In many cases, there is only a single authorized supplier in the Southern California region that is qualified or authorized to provide the parts or service.

For these reasons, it is not cost-effective for the City to solicit bids or requests for proposals. Establishing a list of pre-authorized suppliers will facilitate and ensure the following:

- Vehicles and equipment are serviced and repaired when needed.

- Services are performed by qualified suppliers who are familiar with vehicle and equipment manufacturers.
- Maintenance is improved due to the suppliers familiarity with the service and repair history of the City's vehicles and equipment.

The list of recommended suppliers was developed from the manufacturer's (Case, Bobcat, Ray Gaskin, Pak-Mor, New Way, John Deere, and Toro) list of authorized service centers, and from the City's past business experience with certain suppliers.

Ontario Municipal Code Section 2-6.23(b) and 2-6.23 (c) authorize the Purchasing Officer to make purchases without following the standard purchasing procedures whenever (1) the goods can be obtained from only one source, and or (2) a break down in machinery, equipment or an essential service which requires an immediate purchase of supplies and equipment to protect public health, safety and welfare generates circumstances that a competitive process would be unavailing or would not produce an advantage, and the advertisement for competitive bid would be undesirable, impractical, or impossible.

In general conformation with the provisions of Government Code Section 54201 through 54204, Ontario Municipal Code Section 2-6.29 allows for the purchase of supplies and equipment through cooperative purchasing programs, pursuant to California Government Code Section 6502 and City of Ontario Resolution No. 91-141. Cooperative purchasing allows the City to pool its procurement power with other public agencies to obtain lower pricing than otherwise might be possible.

APPROVED LIST OF AUTHORIZED SUPPLIERS
FOR SERVICES AND MAINTENANCE OF FLEET SERVICES
*Effective NOVEMBER 7, 2023: Not-to-Exceed for the 5-Year Period

Sole Source	Service/Maintenance Performed	Not-to-Exceed*
Glen B. Dorning 1744 E. Holt Blvd. Ontario, CA 91761	Kubuta Equipment Parts & Repair	$78,000
Haaker 2070 N. White Ave. La Verne, CA 91750	Vactor Equipment Parts & Repair	$504,000
Hard-Line USA, Inc. 110 West 13775 South Suite 6 Drapper, Salt Lake County, UT 84020	Low Profile Skid Steer Parts & Repair	$250,000
Inland Bobcat 5494 Via Ricardo Riverside, CA 92509	Bobcat Equipment Parts & Repair	$194,000

Inland Kenworth 9730 Cherry Ave. Fontana, CA 92335	Kenworth Equipment Parts & Repair	$156,000
Interstate Filter 15006 E. Arrow Hwy Baldwin Park, CA 91706	Truck Filter Cleaning	$78,000
Ray Gaskin 14572 Rancho Vista Dr. Fontana, CA 92335	Integrated Waste Bin Delivery and Rear Loader, Ray Gaskin, Pak-Mor, & New Way Parts & Repair.	$195,000
RDO 20 Iowa Ave. Riverside, CA 92507	John Deere Heavy Equipment Parts & Repair	$667,000
Rush Truck Center 14490 Slover Ave. Fontana, CA 92337	Peterbilt Equipment Parts & Repair	$349,000
Sonsray Machinery 10062 Live Oak Ave. Fontana, CA 92335	Case Equipment Parts & Repair	$140,000
Stotz Equipment 4811 Brooke St. Montclair, CA 91763	John Deere Light Duty Equipment Parts & Repair	$250,000
Tec Equipment 14400 Randall Ave. Fontana, CA 92335	Autocar Equipment Parts & Repair	$2,450,000
Terex 8594 Cherry Ave. Fontana, CA 92335	Terex Aerial Equipment Parts & Repair	$80,000
Turf Star 9555 Beacon Sr. Brea, CA 92821	Toro Equipment Parts & Repair	$250,000
Utility Crane & Equipment 10160 Redwood Ave. Fontana, CA 92335	Elliot Aerial Equipment Parts & Repair	$55,000

Valley Power Systems 11300 Inland Ave. Rialto, CA 92376	Detroit Engine Parts & Repair	$195,000
Westrux 14534 Rancho Vista Dr. Fontana, CA 92335	International Equipment Parts & Repair	$120,000

Non-Sole Source	Service/Maintenance Performed	Not-to-Exceed*
AllStar Fire Equipment 12328 Lower Azusa Road Arcadia, CA 91006	Fire Equipment Parts	$200,000
Aaron Chrysler Dodge Jeep Ram 1983 Hammer Ave. Norco, CA 92860	Dodge Parts & Repair	$255,000
Betts Truck Parts & Service 10771 Almond Ave. Fontana, CA 92337	Truck Suspension Parts & Repair	$125,000
BMW Motorcycle of Riverside 7740 Indiana Ave. Riverside, CA 92504	PD BMW Motorcycle Parts & Repair	$200,000
Brown Motorworks BMW 885 W. Mission Blvd. Pomona, CA 91766	PD BMW Motorcycle Parts & Repair	$200,000
Chino Mower 13546 Central Ave. Chino, CA 91710	Small Landscaping Equipment Parts & Repair	$65,000
Crown Graphics 13766 Redwood St. Chino, Ca 91710	Equipment Decals	$150,000
Crown Toyota 1201 Kettering Dr. Ontario, CA 91761	Toyota Parts & Repair	$120,000
Empire Nissan 1377 Kettering Dr.	Nissan Parts & Repair	$120,000

Ontario, CA 91761		
Fleetpride 5751 E. Santa Ana St. Ontario, CA 91761	Refuse Truck Parts & Supplies	$120,000
Hydraulic Solutions & Supplies 2071 Del Rio Way Ontario, CA 91761	Refuse Hydraulics Parts & Repair	$350,000
Knight Claremont Chrysler Dodge Jeep Ram 620 Auto Center Dr. Claremont, CA 91711	Dodge Parts & Repair	$255,000
Jeep Chrysler Dodge Fiat of Ontario 1202 Auto Center Dr. Ontario, CA 91761	Dodge Parts & Repair	$750,000
Lu's Lighthouse 10230 Norwalk Blvd. Santa Fe Springs, CA 90670	Heavy Duty Electrical Parts	$120,000
Mutual Propane 1310 E. Sixth St. Corona, CA 92879	Propane Station Supplier & Repair	$25,000
Penske Honda Ontario 1401 Auto Center Dr. Ontario, CA 91761	Honda Parts & Repair	$120,000
Precision Aerial 2020 W. Lowell St. Rialto, CA 92377	Aerial Equipment Parts & Repair	$80,000
Wilcox Supply Inc. 4604 Arrow Hwy. Montclair, CA 91763	Tire Repair Equipment & Supplies	$80,000
Co-Operative Suppliers	Service/Co-Op Agreement	Not to Exceed*
Border Tire 14047 Slover Ave. Fontana, CA 92337	Michellin Tire Omnia # 2019209	$450,000

Carquest 645 W. Holt Blvd. Ontario, CA 91762	Automotive Parts Omnia # 2017000280	$650,000
Factory Motor Parts 203 Pacific St. Pomona, CA 91766	Automotive Parts State of California 7-21-99-41-01	$125,000
Lawson Products B770 West Bryn Mawr Ave. Suite 900 Chicago, IL 603631-3515	Automotive Hardware Omnia # R2111202	$195,000
NAPA Auto Parts 2191 Burgundy Place Ontario, CA 91761	Automotive Parts State of California 7-21-99-41-02	$575,000
O'Reilly Auto Parts 907 E. Holt Blvd. Ontario, CA 91761	Automotive Parts Sourcewell #032521-ORA	$75,000
Parts Authority 8798 Flower Rd. Rancho Cucamonga, CA 91730	Automotive Parts State of California 7-21-99-41-03	$155,000
Tire Hub 10725 Sierra Ave. # 200 Fontana, CA 92337	Goodyear Tires State of California 1-23-26-01C	$1,700,000

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Planning Prepared By: Thomas Grahn Staff Member Presenting: Scott Murphy, Executive Director Community Development Reviewed By: Kimberly Ruddins, Rudy Zeledon, Scott Murphy Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 9

SUBJECT: **AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH PLACEWORKS, INC., TO PROVIDE ENVIRONMENTAL CONSULTING SERVICES FOR PHASE 2 OF THE ONTARIO PLAN (TOP) 2050 UPDATE**

RECOMMENDATION: That the City Council approve and authorize the City Manager or designee to execute Amendment No. 4 to a Professional Services Agreement with PlaceWorks, Inc. of Santa Ana, to increase project funding by $1,625,701, for a total authorized expenditure amount of $4,935,701, to prepare the Ontario Regional Sports Complex (ORSC) Subsequent Environmental Impact Report (SEIR).

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner
Pursue City's Goals and Objectives by Working with Other Governmental Agencies
Encourage, Provide or Support Enhanced Recreational, Educational, Cultural and Healthy City Programs, Policies and Activities
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: Any potential long-term fiscal impact and projected expenditures to the City will be offset by revenue sources such as development impact fees and property and sales tax revenues generated by future developments. If approved, additional appropriations will be requested at the next quarterly budget update as needed.

BACKGROUND & ANALYSIS: On May 19, 2020, the City Council granted authorization to the City Manager to execute a Professional Services Agreement with PlaceWorks, Inc., for the preparation of several key components within The Ontario Plan Update (TOP 2050). This includes the General Plan Update, Community Climate Action Plan Update, Supplemental Environmental Impact Report, and Objective Design and Development Standards. The approved budget for this project was $2,946,600, with an additional 12% contingency of $363,400, resulting in a total authorized

expenditure of $3,310,000. As part of Phase 2 of TOP 2050, an amendment to the executed Professional Service Agreement with PlaceWorks, Inc is proposed in the amount of $1,625,701, for a total authorized expenditure amount of $4,935,701. The additional funds will be used to prepare the Ontario Regional Sports Complex (ORSC) Environmental Impact Report (EIR) for the development of a comprehensive public facilities program offering a diverse range of amenities.

The proposed Project necessitates several future discretionary approvals, including:

1) Environmental Compliance: In compliance with the California Environmental Quality Act (CEQA) Guidelines, City Staff has conducted an evaluation and concluded that the appropriate environmental analyses for this specific proposal would involve an Environmental Impact Report (EIR). To facilitate this undertaking, the City intends to retain the services of PlaceWorks, Inc.

2) General Plan Amendment: As part of the ORSC, approximately 156 acres of land designated for Low Density Residential (LDR) and Medium Density Residential (MDR) will be reclassified as Open Space-Parkland (OS-R), while an additional 34 acres will be reclassified from Low Density Residential (LDR) to Hospitality; and

3) Zone Change: The Armstrong Ranch Specific Plan will be removed and 156 acres will be rezoned as Open Space-Recreation to support the development of public recreational and aquatics facilities as well as active fields, while an additional 34 acres will be rezoned to Convention Center Support Commercial to facilitate the construction of a new sports stadium, complementary retail establishments, and lodging facilities.

AMENDMENT NO. 4 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND PLACEWORKS, INC

1. Parties and Date.

This Amendment No. 4 to the Agreement (as defined herein) is made and entered as of _____, by and between the City of Ontario ("City") and Placeworks, Inc., a California Corporation with its principal place of business at 3 MacArthur Place, Suite 1100, Santa Ana, CA 92707 ("Consultant)". City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. Recitals.

2.1 Agreement. The City and Consultant have entered into an agreement entitled "Professional Services Agreement" dated May 19, 2020 ("Agreement").

2.2 Amendment Purpose. The City and Consultant desire to amend the Agreement to provide additional compensation for the Ontario Regional Sports Complex Subsequent Environmental Impact Report (SEIR) Amendment to The Ontario Plan (TOP) 2050. The Parties have previously entered in Amendment No. 1, dated November 29, 2021, Amendment No. 2 dated December 13, 2022, and Amendment No. 3 dated April 24, 2023.

2.3 Amendment Authority. This Amendment No. 4 is authorized pursuant to Section 22 of the Agreement.

3. Terms.

3.1 Amendment. Section 2.b. Compensation of the Agreement is hereby amended in its entirety to read as follows:

> "In no event shall the total amount paid for services rendered by Consultant under this agreement exceed the sum of $4,935,701.00. This amount is to cover all printing and related costs, and the City will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly bulling basis."

3.2 Continuing Effect of Agreement. Except as amended by this Amendment No. 4, all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. 4. From and after the date of this Amendment No. 4, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. 4.

3.3 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations

they have undertaken pursuant to this Amendment No. 4.

3.4 Severability. If any portion of this Amendment No. 4 is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5 Integration. This Amendment represents the entirety of the Parties' understanding relating to the subject of this Amendment, including written or verbal communications between the Parties, which shall have no relevance unless expressly incorporated herein. This is an integrated amendment.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR AMENDMENT NO. 4 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ONTARIO AND PLACEWORKS, INC

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. 4 as of the day and year first above written.

CITY OF ONTARIO

Approved By:

_____
Scott Ochoa
City Manager

Approved as to Form:

_____
Best Best & Krieger LLP
City Attorney

Attested By:

_____
City Clerk

PLACEWORKS, INC
CONSULTANT]

By: _____

Its: _____

Printed Name: _____

By: _____

Its: _____

Printed Name: _____

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Economic Development Prepared By: Karen Khukoyan Staff Member Presenting: Jennifer McLain Hiramoto, Economic Development Director Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 10

SUBJECT: **AN AMENDMENT TO THE DESIGN SERVICES AGREEMENT WITH RJM DESIGN GROUP FOR ON-CALL LANDSCAPE ARCHITECTURAL SERVICES FOR THE ONTARIO MILLS LANDSCAPE DESIGN**

RECOMMENDATION: That the City Council authorize the City Manager or his designee to execute Amendment No. 5 to the Design Services Agreement for contract No. PM 1819-1 with RJM Design Group of San Juan Capistrano, California, to provide On-Call Landscape Architectural Services for the Ontario Mills Landscape Design Project in a total amount of $102,100 and a total not-to-exceed amount of $527,100.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: "The FY 2023-24 Adopted Budget includes appropriations in the General Fund for On-Call Landscape Architectural Services for the Ontario Mills Project. If additional appropriations are needed, they will be included on the next quarterly budget update. The recommended Amendment in the amount of $102,100 will increase the current total not-to-exceed amount to $527,100."

BACKGROUND & ANALYSIS: The proposal for the On-Call Landscape Architectural Services from RJM Design Group for a proposed design of the Ontario Mills Landscaping is in the amount not-to-exceed $527,100.

The proposed Ontario Mills landscape design project will create a well-maintained and aesthetically pleasing environment that can significantly enhance the overall shopping experience. The mall is an essential part of the City, and it is important to allocate resources that will help beautify the landscaping at the mall, which will not only enhance its economic viability but also enrich the quality of life for the entire community. The project will also create an even better partnership between the City and the Ontario Mills.

In an effort to beautify the entries and make the areas more comfortable and inviting to visitors RJM Design Group will prepare conceptual plans for three (3) different entries of the shopping complex.

1. Fashion District Entry – South side of Ontario Mills, facing Ontario Mills Pkwy
2. Rotunda Entry – Northeast side facing Rochester & Ontario Mills Drive
3. Market Broiler/AMC Entry – North side facing Franklin Avenue & Fourth Street

The proposal will consist of 2 phases. Phase 1 will concentrate on the conceptual design and phase 2 will focus on construction documents.

CITY OF ONTARIO
303 EAST B STREET | ONTARIO, CALIFORNIA 91764
(909) 395-2000 FAX (909) 395-2070 OntarioCA.gov

PAUL S. LEON
MAYOR

DEBRA PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

AMENDMENT NO. 5 TO THE DESIGN SERVICES AGREEMENT FOR ON-CALL LANDSCAPE ARCHITECT SERVICES PW1819-1 BETWEEN THE CITY OF ONTARIO AND RJM DESIGN GROUP, INC.

1. Parties and Date.

This Amendment No. 5 to the Agreement (as defined herein) is made and entered as of _____, by and between the City of Ontario ("City") and RJM Design Group, Inc., a corporation ("Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. Recitals.

2.1 Agreement. The City and Consultant have entered into an agreement entitled "Design Services Agreement for On-Call Landscape Architectural Services PW 1819-1" dated July 2, 2019 ("Agreement").

2.2 Amendment Purpose. The City and Consultant desire to amend the Agreement for professional design services to the **Ontario Mills Shopping Center** entrances adding One Hundred Two Thousand One Hundred Dollars ($102,100) for a total compensation of Five Hundred Twenty-Seven Thousand One Hundred Dollars ($527,100). The parties have heretofore entered into Amendment No. 4 dated September 19, 2023, Amendment No. 3 dated February 7, 2023, Amendment No. 2 dated July 15, 2022, and Amendment No. 1 dated November 4, 2022.

2.3 Amendment Authority. This Amendment No. 5 is authorized pursuant to Section 3.10.1 of the Agreement.

3. Terms.

3.1 Amendment. Section 3.10.1 of the Agreement is hereby amended in its entirety to read as follows:

"3.10.1 Consultant's Compensation for Basic Services. City shall pay to Consultant, for the

performance of all Services rendered under this Agreement, the total not to exceed amount of **Five Hundred Twenty-Seven Thousand One Hundred Dollars ($527,100)** ("Total Compensation"). This Total Compensation amount shall be based upon, and may be adjusted according to, the fee schedule and related terms and conditions attached hereto as Exhibit "B" and incorporated herein by reference. The Total Compensation, as may be adjusted upon mutual agreement, shall constitute complete and adequate payment for Services under this Agreement."

Exhibit "A" is hereby deleted in its entirety and replaced with Attachment A attached hereto and incorporated herein by reference.

3.2 Continuing Effect of Agreement. Except as amended by this Amendment No. 5, all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. 5. From and after the date of this Amendment No. 5, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. 5.

3.3 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 5.

3.4 Severability. If any portion of this Amendment No. 5 is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5 Integration. This Amendment represents the entirety of the Parties' understanding relating to the subject of this Amendment, including written or verbal communications between the Parties, which shall have no relevance unless expressly incorporated herein. This is an integrated amendment.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR AMENDMENT NO. 5 TO THE DESIGNS SERVICES AGREEMENT FOR ON-CALL LANDSCAPE ARCHITECTURAL SERVICES PW1819-1 BETWEEN THE CITY OF ONTARIO AND RJM DESIGN GROUP, INC.

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. 5 as of the day and year first above written.

CITY OF ONTARIO

Approved By:

_____
Scott Ochoa
City Manager

Approved as to Form:

_____
Best Best & Krieger LLP
City Attorney

Attested By:

_____
City Clerk

RJM DESIGN GROUP, INC.

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

31591 Camino Capistrano
San Juan Capistrano, CA 92675
www.RJMdesigngroup.com
[949] 493-2690 *fax*
[949] 493-2600 *phone*

Community Inspired Spaces
RJM DESIGN GROUP

October 23, 2023

Mr. Karen Khukoyan
Project Manager
City of Ontario
Economic Development Agency
303 East B Street
Ontario, CA 91764

Re: Proposal for Ontario Mills Entry Redesign

Dear Karen:

On behalf of RJM Design Group, Inc., I am pleased to submit this proposal for professional consulting services for preparing conceptual designs for the Ontario Mills Shopping Center entrances. In an effort to beautify the entries and make the areas more comfortable and inviting to visitors we will prepare conceptual plans for three (3) different entries of the shopping complex.

1. **Fashion District Entry – South side of Ontario Mills, facing Ontario Mills Pkwy.**
2. **Rotunda Entry – Northeast side facing Rochester & Ontario Mills Drive**
3. **Market Broiler/AMC Entry – North side facing Franklin Avenue & Fourth Street**

We look forward to developing a close working relationship with you and your team members on this project. If you have any questions or comments after reviewing this proposal, please do not hesitate to contact our office.

Sincerely,
RJM DESIGN GROUP, INC.

Andy Steen, LLA
Associate Landscape Architect

SCOPE OF SERVICES
PHASE I – CONCEPTUAL DESIGN

A. Coordination with City to meet on-site and discuss project goals, current issues, review of existing conditions and improvements to remain, and available/existing base information, and existing infrastructure plans.

B. Prepare base plan for entire site at a maximum of 1" = 20' scale, in AutoCAD format, utilizing City provided base information. ***Note: This proposal anticipates that the property owner will provide base information that depict the current "built" conditions, pavement, light fixtures, site furniture, walls, etc.***

C. Generate one (1) preliminary design concepts for each of the entries noted below, (three in total). Improvements will include planting design and hardscape recommendations for City review. ***See attached plan views for limit of work for each entry.***

- a. Fashion District Entry – South side of Ontario Mills, facing Ontario Mills Parkway.
- b. Rotunda Entry – Northeast side of Ontario Mills facing Rochester & Ontario Mills Drive
- c. Market Broiler/AMC Entry – North side of Ontario Mills facing Franklin Avenue & Fourth Street

D. Coordinate virtual meeting with City staff to review plans and discuss refinements to incorporate into the conceptual design concepts.

E. Revise preliminary design concepts for each entry area per City comments at review meeting.

F. Develop an estimated opinion of probable cost for each of the three (3) entries in total.

G. Attend 2nd virtual review meeting with City staff to review the concept plans and cost estimates to discuss additional refinements.

H. Modify conceptual plans according to final revisions based on City staff direction to proceed into potential next phase of project development.

PHASE I MEETINGS:
Kickoff Meeting with Stakeholders
1st Progress Review Meeting to Review Three (3) Conceptual Entry Designs
2nd Progress Review Meeting to Review Three (3) Revised Concepts

PHASE I DELIVERABLES:
Preliminary Design Concepts for Three (3) Entries
1st Set of Revisions to Three (3) Conceptual Plan
Estimated Opinion of Probable Cost per Entry
Final Round of Selected Conceptual Plan Revisions

PHASE II – CONSTRUCTION DOCUMENTS

A. **With approval from the City to proceed with the conceptual designs prepared for each entry, RJM will commence preparation of 75% Construction Document progress set for the redesign of the project area.** ***Note: The proposal for the construction document package includes planting, irrigation and hardscape construction. Civil engineering grading and drainage, in addition to survey, electrical engineering, or architectural improvements are not included in this proposal.***

B. **Attend 75% Progress Milestone Meeting with City staff and project stakeholders to review plans and discuss refinements.**

C. **Continue development of Construction Documents to proceed towards 100%-complete set. Completion of defined hardscape, planting and irrigation plans and related details.**

D. **Commence preparation of technical specifications for landscape design elements to be incorporated into project specification book.**

E. **Develop an estimated opinion of probable cost for the landscape design scope of work defined in the project construction documents.**

F. **Prepare for and attend 100% Complete Milestone Review Meeting with City staff to review the completed package of plans, specifications and cost estimates.**

PHASE II MEETINGS:
75% Progress Milestone Meeting
100% Complete Milestone Review Meeting

PHASE II DELIVERABLES:
75% Progress Construction Documents
Technical Specifications
Estimated Opinion of Probable Cost
100% Complete Construction Document Package

FEE SCHEDULE

This fee includes all costs to be incurred by RJM Design Group, Inc. Fees for the work are as follows:

Conceptual Design	**$44,600**
***Construction Documents (Estimate)**	**$48,200**
Reimbursable Expenses	**$ 9,300**
Grand Total	**$102,100**

Note: The Construction phase is an anticipated scope with an estimated fee amount. Upon approval of the Conceptual Design phase and specific project elements are fully known (extent of demolition, specialty subconsultants, i.e. signage/graphics, water/fountain designers, site lighting, etc.) and identified than a refined scope and fee shall be provided.

REIMBURSABLE EXPENSES (Estimated Allowance $9,300)

When incurred, the following project expenses will be billed at cost plus 15% administrative fee in addition to the above professional services fee:

- **Printing, plotting, copying, scanning, photography, graphic expenses**
- **Delivery, shipping, and handling of documents**
- **Permits, plan check, and inspection fees**
- **County business license**

PAYMENTS

Payments are due and payable on a monthly basis following the completion of any substantial phase of work. Carrying charges for overdue accounts beyond 30 days of billing date are charged at 1.5% of the amount due, compounded monthly.

ADDITIONAL SERVICES

Professional services not specifically identified in the scope of work will be considered additional services and may be performed at Client's request, reimbursable at Consultant's standard hourly rates. Additional services may include, but are not limited to:

- **Additional field survey work as requested by the City**
- **Time spent in the field to review and verify irrigation "As Built" conditions as a result of the lack of available documents.**
- **Exhibit preparation beyond that identified in the scope of work.**
- **Revisions to documents required as a result of changes in Client's direction; changes subsequent to Client's approval; or changes in governmental codes or regulations.**
- **Specialized billing or accounting forms, invoices, spreadsheets.**
- **Engagement of other consultants not specifically identified below.**

CONSULTANTS' HOURLY RATES

Client agrees to pay Consultant as compensation for all authorized work included in the scope of work heretofore stated, at the hourly rates* below:

RJM DESIGN GROUP INC.	
PRINCIPAL LANDSCAPE ARCHITECT	$190.00 - $210.00 per hour
ASSOCIATE LANDSCAPE ARCHITECT	$170.00 - $180.00 per hour
LANDSCAPE ARCHITECT / PROJECT MANAGER	$155.00 - $165.00 per hour
JOB CAPTAIN / LANDSCAPE DESIGNER	$140.00 - $150.00 per hour
CAD TECHNICIAN/GRAPHICS	$125.00 - $135.00 per hour
WORD PROCESSOR	$95.00 per hour
GLASIR DESIGN (Irrigation Design)	
On-Site Consulting	$135.00-155.25 per hour
Irrigation Designer	$110.00-126.50 per hour
Plan Check	$110.00-126.50 per hour

Billings for all time and materials and contract extension work shall be in accordance with the level of work performed based on the categories listed above.

Hourly rates will be escalated each August 1st in accordance with any increase in the Consumer Price Index or other mutually agreed upon cost index, beginning with August 1, 2024. Provisions for fee escalation pertain to all contract extensions and additional work.

If the above meets with your approval, this proposal may become an agreement between the City of Ontario and RJM Design Group, Inc., as Consulting Landscape Architects. Thank you for the opportunity to submit this proposal. We look forward to working with you on your project.

Sincerely,

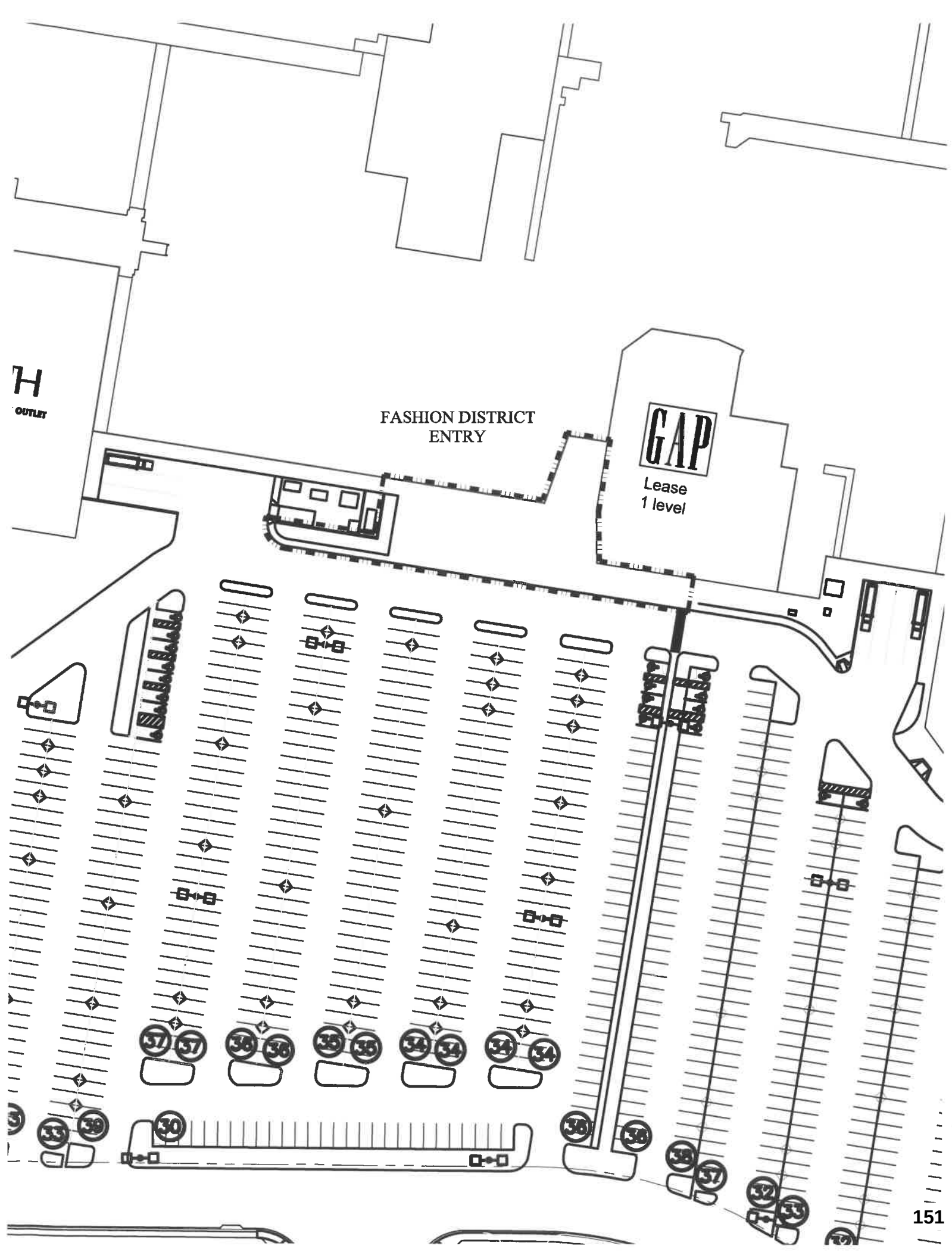
RJM DESIGN GROUP, INC

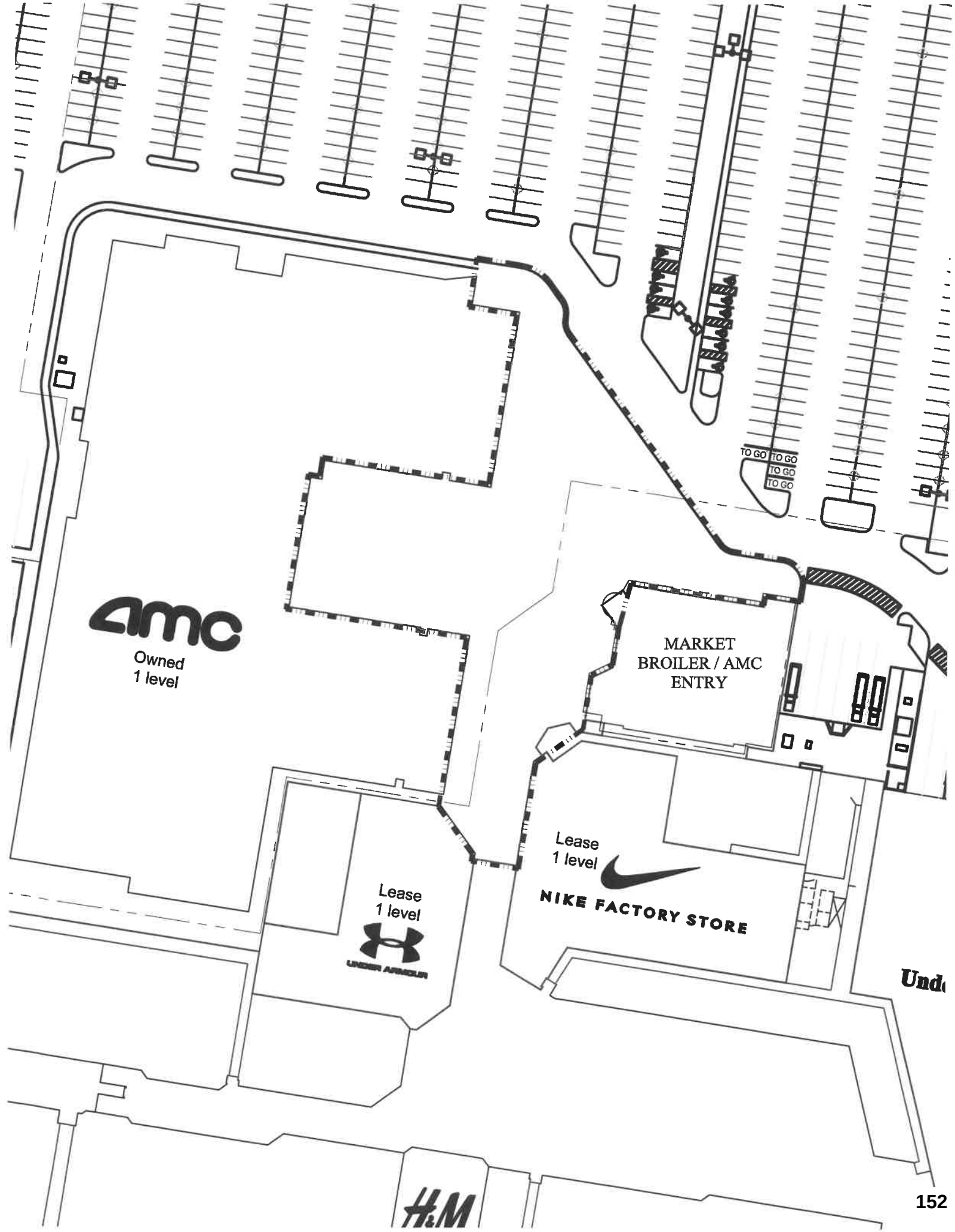
Andy Steen, LLA
Associate Landscape Architect

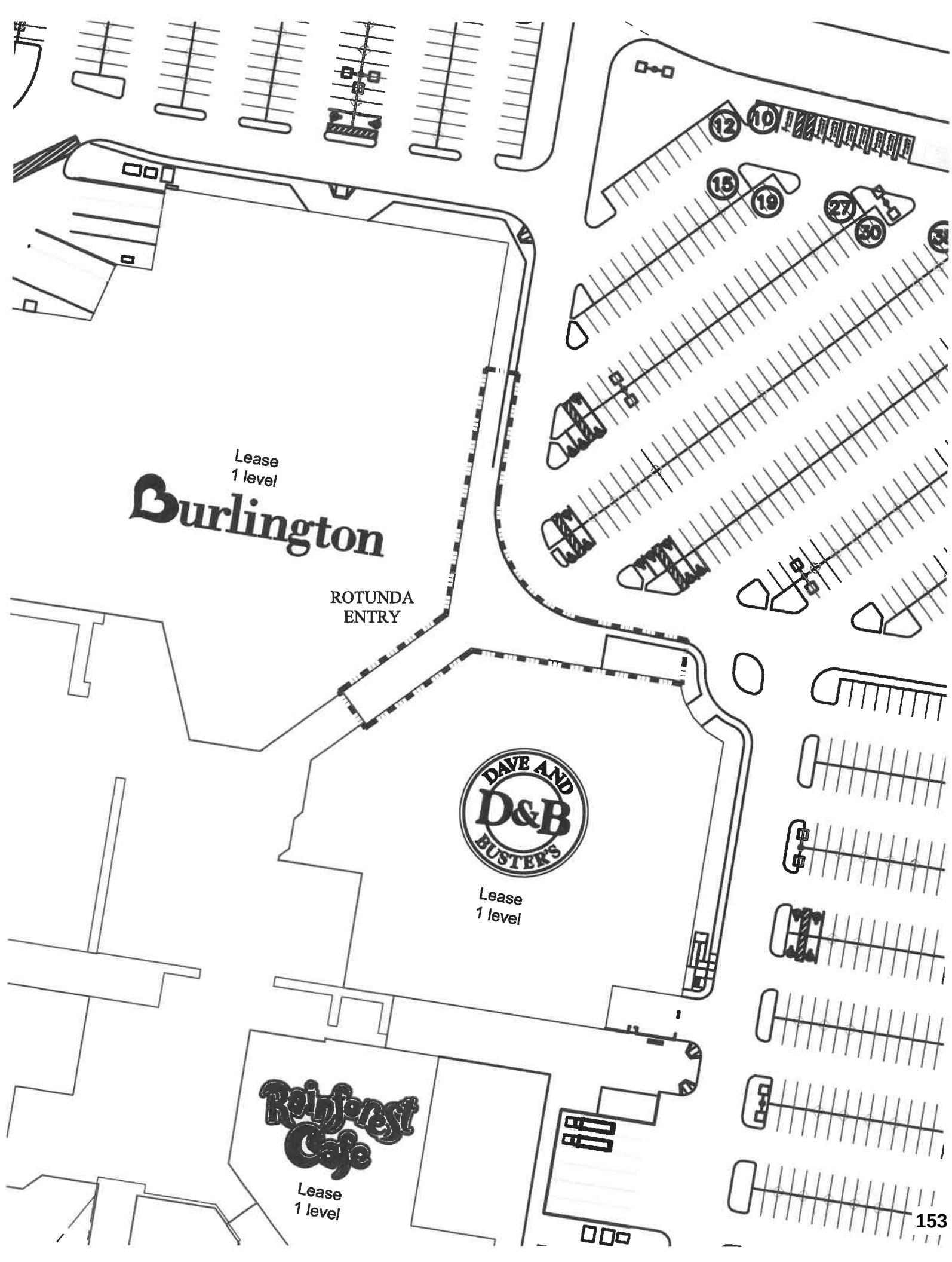
Approved by:

CITY OF ONTARIO

_____
Signature/Date


H
OUTLET
FASHION DISTRICT
ENTRY
GAP
Lease
1 level


TO GO
TO GO
TO GO
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MARKET
BROILER / AMC
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Lease
1 level
NIKE FACTORY STORE
Lease
1 level
UNDER ARMOUR
H&M


Lease
1 level
Burlington
ROTUNDA
ENTRY
DAVE AND
D&B
BUSTER'S
Lease
1 level
Rainforest
Cafe
Lease
1 level

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Planning Prepared By: Alexis Vaughn Staff Member Presenting: Scott Murphy, Executive Director Community Development Reviewed By: Edmelynne V Hutter, Kimberly Ruddins, Rudy Zeledon Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 11

SUBJECT: **THE EUCLID WALNUT PLANNED UNIT DEVELOPMENT (FILE NO. PUD22-004) TO ESTABLISH DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR A 10.6-ACRE PROJECT SITE LOCATED AT THE NORTHWEST CORNER OF EUCLID AVENUE AND WALNUT STREET**

RECOMMENDATION: That the City Council adopt an Ordinance approving the Euclid Walnut Planned Unit Development (File No. PUD22-004).

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods

FISCAL IMPACT: There is not a direct fiscal impact associated with this action. The proposed Euclid Walnut Planned Unit Development (PUD) establishes development standards and guidelines to facilitate a mixed-use commercial and residential development. Implementation of the PUD would result in an increase in property taxes from future development and the one-time payment to the City for plan check fees and development impact fees.

BACKGROUND & ANALYSIS: On October 17, 2023, the City Council introduced and waived further reading of an Ordinance approving the Planned Unit Development. On August 16, 2022, the Ontario City Council certified The Ontario Plan 2050 (TOP 2050) Supplemental Environmental Impact Report (SEIR, State Clearinghouse No. 2021070364) in conjunction with File No. PGPA20-002. The SEIR analyzed the Project site and 5.4 acres of land to the north of the Project site, also located within the same mixed-use district, and established guidelines for development. These guidelines include, but are not limited to, general land use (mixed-use residential and commercial), maximum density and development intensity (20-75 dwelling units per acre and 1.0 non-residential floor area ratio (FAR), respectively), and assumed dwelling units and commercial square footage (369 and 142,840, respectively). An Addendum to the SEIR was submitted in conjunction with the Project and is explained in detail within the Environmental Review section of this report.

On May 25, 2022, the Applicant filed a Development Plan application (File No. PDEV22-027) to construct Phase 1 of the Planned Unit Development (PUD), consisting of 346 dwelling units and 5,400 square feet of ground-floor commercial space on 9.4 acres of the overall 10.6-acre Project site. The request was submitted in conjunction with a Certificate of Appropriateness application (File No. PHP22-015), to determine whether the Project site was a historic resource, and the subject PUD application (File No. PUD22-004) to establish the development standards and design guidelines for the Project site to facilitate its two phases of development.

PLANNED UNIT DEVELOPMENT: The MU-NH 8e zoning district and the Euclid Avenue (EA) Overlay district require the preparation and approval of a PUD to establish the development standards and design guidelines for the site. The proposed Euclid Walnut PUD, attached to the City Council Ordinance as Attachment A, identifies the following components:

(a) Chapter 2: Objectives – The Objectives component of the PUD outlines the Project's consistency with The Ontario Plan, including its Vision, Governance Manual, and Policy Plan (General Plan). The PUD also outlines how the Project will be consistent with the EA Overlay district, which was established to recognize, protect, and enhance the visual character and quality of Euclid Avenue as a major scenic and historic resource in Ontario, as well as its position on the National Register of Historic Places;

(b) Chapter 3: Land Use Plan – The Land Use Plan chapter briefly describes the Project, including zoning and land use districts, development phasing, demolition activities, and permitted land uses. The PUD aligns with the Project site's zoning and TOP 2050 land use districts by allowing for horizontal and vertical mixed-use development and associated facilities. The chapter also outlines various permitted land uses, activities, and facilities for the PUD site, along with the process required to get certain uses approved;

(c) Chapter 4: Development Regulations – The Development Regulations chapter sets forth standards that govern development of the site, including the following topics: intensity; density; building envelope; vehicle access; parking facilities, supply, and design; residential open space and common amenities; service facilities; signs; landscape and hardscape; fences and walls; public right-of-way improvements; and infrastructure. Development standards for the Project site are also provided in a summary table (see Figure 4-1: Summary of Development Standards located on page 32 of the PUD, included herein as Attachment A of the City Council Ordinance for File No. PUD22-004, attached to this report);

(d) Chapter 5: Design Criteria – New development implemented under the PUD will generate new uses and design aesthetics to fulfill the design goals and policies of TOP and will be guided by design criteria to provide articulation, dynamic materials and colors, and avoidance of bulky and monotonous elevations. The proposed development will be subject to and governed by policies and goals regarding building orientation, access and parking facilities, service facilities, pedestrian linkages, architectural character, massing and scale, articulation and fenestration, architectural details, storefronts, materials and colors, roofs and rooftop equipment, non-residential outdoor dining areas, residential outdoor spaces and common recreational amenities, and landscape and hardscape elements; and

(e) Chapter 6: Administration – Lastly, the PUD establishes that applications for Development Plans and other entitlement proposals are subject to the Ontario Development Code submittal, review and processing requirements.

COMPLIANCE WITH THE ONTARIO PLAN: The proposed Project is consistent with the principles, goals and policies contained within the Vision, Governance, Policy Plan (General Plan), and City Council Priorities components of The Ontario Plan 2050.

HOUSING ELEMENT COMPLIANCE: The Project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan 2050, as the project site is not one of the properties in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix.

AIRPORT LAND USE COMPATIBILITY: The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan.

Ontario International Airport: On April 19, 2011, the Ontario City Council approved and adopted the Ontario International Airport Land use Compatibility Plan (ALUCP), establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. The proposed Project is located within the Airport Influence Area of Ontario International Airport and was evaluated and found to be consistent with the policies and criteria of the ALUCP. Any special conditions of approval associated with uses in close proximity to the airport are included in the conditions of approval provided with the attached ordinance.

ENVIRONMENTAL REVIEW: The environmental impacts of this Project were reviewed in conjunction with an Addendum to The Ontario Plan 2050 Supplemental Environmental Impact Report (State Clearinghouse No. 2021070364), certified by the Ontario City Council on August 16, 2022, in conjunction with File No. PGPA20-002. This Application introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of Project approval and are incorporated herein by this reference.

NEIGHBORHOOD MEETING: A neighborhood meeting regarding File No. PZC22-001, a Policy Plan (General Plan) zoning consistency project that included the Project site, was held on February 22, 2023. Several members of the public attended and requested additional information about the Project, including the Project's scope of work, conceptual site planning, building design, and traffic. City Staff provided additional information to the community members at the meeting and considered their input during Project review. Further, a community member who provided contact information was added to the public notification list for the Project.

PUBLIC COMMENTS: As of the preparation of this Agenda Report, Planning Department Staff received the following written or verbal communications from the owners or occupants of properties surrounding the Project site or from the public in general:

- At the neighborhood meeting described above, a community member requested additional information about the Project's scope of work, conceptual site planning and building design, and traffic. The requested information was provided and the commenter was added to the public notification list.
- James L. Camarillo, a representative of Caltrans, reviewed and provided preliminary comments and recommendations about the Project. He requested additional information to be able to provide a more in-depth review. His correspondence was forwarded to the appropriate Staff for review and response.
- On August 7, 2023, Mitchell M. Tsai, Attorney at Law, representing the Southwest Mountain States Regional Council of Carpenters, submitted a letter (See Attachment A-1 of the attached Planning Commission Backup File, Mitchell M. Tsai letter) contesting the Project based on the following claims:

1. The City should require the use of a local workforce to benefit the community's economic development and environment.

Staff Response: As discussed in the Addendum, the Project will not result in any new, increased or substantially different air quality, GHG, or VMT impacts not previously considered and addressed in TOP 2050 SEIR. Therefore, mitigation beyond what was required in TOP 2050 S EIR to further reduce air quality, GHG, and VMT impacts is not required for the proposed Project. The comment does not affect the analysis completed or conclusions provided in the Addendum, does not provide new information or evidence related to the analysis completed in the Addendum, and does not reflect on the adequacy or content of the Addendum. No changes to the Addendum are required.

2. The Project would be approved in violation of CEQA.

Staff Response: The commenter claims a Project-specific EIR should be prepared and that new mitigation measures, specifically related to EV-capable parking spaces, are required and were not considered in the prior environmental analysis of the Project site. The comment does not appear to recognize the City's recent adoption of TOP 2050 and certification of TOP 2050 SEIR on August 16, 2022. As recognized in the Addendum, the Project will be required to comply with the CALGreen Building Code (CBC) commercial and residential requirements in effect at the time of development. Further, the Project will be required to implement Mitigation Measure AQ 3-3 from TOP 2050 SEIR, which provides a list of potential mitigation measures which may be included as conditions of approval should operational air quality impacts exceed South Coast AQMD-adopted thresholds of significance. Such measures include, but are not limited to: Provide bicycle parking facilities per Section A4.106.9 of CALGreen (Residential Voluntary Measures); Provide preferential parking spaces for low-emitting, fuel-efficient, and carpool/van vehicles per Section A5.106.5.1 of CALGreen (Nonresidential Voluntary Measures); Provide facilities to support electric charging stations per Section A5.106.5.3 and Section A5.106.8.2 of CALGreen (Nonresidential Voluntary Measures; Residential Voluntary Measures).

3. CEQA requires the City to prepare a tiered EIR for the Project instead of an Addendum.

Staff Response: The City has properly prepared an Addendum to TOP 2050 SEIR for the Project and a tiered EIR, as claimed by the commenter, is not required. The City has discretion to determine whether a subsequent or supplemental EIR is necessary under Public Resources Code Section 21166 and State CEQA Guidelines Section 15162, so long as its decision is supported by substantial evidence. Similarly, whether an activity is within the scope of a program EIR "is a factual question that the lead agency determines based on substantial evidence in the record." (State CEQA Guidelines, §15168(c)(2)). The City has prepared an Addendum to the TOP 2050 SEIR for the Project, finding that all impacts of the Project have been adequately addressed in TOP 2050 SEIR. The CEQA Guidelines provide that an agency may prepare an addendum to a prior EIR to document its decision that a subsequent EIR is not required. (State CEQA Guidelines, §15164(b), (e)). As such, the Addendum is appropriate in this case and no further environmental review is required.

The City has also followed all procedural requirements, including public disclosure requirements, in its preparation of the Addendum. While CEQA requires notice to the public and an opportunity to comment in connection with adoption of a negative declaration or preparation of an EIR, an addendum is not required to be circulated for public review (State CEQA Guidelines, § 15164(c)). The Addendum, and all supporting technical studies, has been provided to the Planning Commission and the public prior to any decision by the City, in compliance with CEQA. The City has also complied with the requirements of the Public Records Act. The Project, along with the Development Advisory Board Staff Report and Addendum, was posted on the City's website 72 hours prior to the meeting, consistent with the California Brown Act. Regarding the Planning Commission hearing, the Project has been advertised in the newspaper, notices have been sent to all property owners within 300 feet of the project and the Staff Report and Addendum was posted 72 hours prior to the hearing. Accordingly, a tiered EIR is not required for the Project.

4. The City cannot issue an Addendum because the Project was not addressed with the TOP 2050 Update SEIR and therefore an EIR must be prepared for the Project.

Staff Response: As discussed in the Addendum, the Project was addressed in TOP 2050 SEIR, and the commenter did not provide any evidence of Project impacts that are outside of the scope of TOP 2050 SEIR. TOP 2050 shows a total of five locations within the City with the MU-NH land use designation. The Future Buildout Projections Table of the Land Use Element provides further details for each of these five MU-NH sub-areas. The three parcels subject to this PUD Project make up 10.6 acres ("PUD site") of the overall 16 acres that comprise the "MU-NH" sub-area. The remaining 5.4 acres of the MU-NH area include approximately 28,000 square feet of existing businesses (gas station, pre-school, and 2 small businesses) and 15 single family homes between the PUD site and the SR-60 Freeway to the north.

TOP 2050 SEIR evaluated the development of a maximum of 369 residential units and approximately 142,840 square feet of non-residential development on the Overlay Planning Area (including the PUD site). The Project proposes 369 units and approximately 12,000 square feet of non-residential development in Phases 1 and 2, leaving 130,840 square feet of non-residential development to be built in the remainder of the MU-NH area adjacent to the SR-60 Freeway. Development of the proposed Project would slightly exceed the total number of residential units for this area under TOP 2050 (369 proposed units +15 existing units = 384 total units vs. 369 TOP 2050 projected total units, or a 5 percent increase). However, development of the Project would substantially reduce the amount of anticipated non-residential growth

in this sub-area (12,000 SF in the Project area plus 28,000 SF existing = 40,000 SF vs. 142,840 SF, or a 72 percent decrease). The Addendum analyzed the impacts of the new residential and commercial uses currently proposed under the Project, but included this analysis demonstrating that the anticipated impacts of growth in this MU-NH sub-area with the Project are considered to be equivalent or less than those identified in TOP 2050 SEIR for this sub-area. Accordingly, the Project is within the scope of TOP 2050 and the preparation of an Addendum is appropriate.

TOP 2050 SEIR did identify several significant and unavoidable impacts. However, as TOP 2050 SEIR contemplated the Project, the City properly applied the subsequent review provisions in Public Resources Code Section 21166 and State CEQA Guidelines Sections 15162 and 15164. The Project will not result in any new significant environmental effects or a substantial increase in the severity of impacts identified in TOP 2050 SEIR, nor are there any changes in circumstances under which the Project is undertaken that would result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is also no new information that exists that shows the project will have one or more significant effects not discussed in TOP 2050 SEIR; significant effects previously examined will be substantially more severe than shown in the previous SEIR; or mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or mitigation measures or alternatives which are considerably different from those analyzed in the previous SEIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative. As such, an Addendum is appropriate.

- On August 16, 2023, Dale J. Goldsmith, on behalf of the applicant Legacy/Collier Residential LLC, submitted a letter in response to the comment letter submitted by Mitchell Tsai (see Attachment A2 of the attached Planning Commission Backup File: Applicant Response Letter). The letter discussed the project and contested the claims made by Mr. Tsai.
- On August 22, 2023, Mitchell M. Tsai, Attorney at Law, representing the Southwest Mountain States Regional Council of Carpenters, submitted a second letter (See Attachment A-3 of the attached Planning Commission Backup File, Mitchell M. Tsai Letter 2) contesting the Project based on the following claims:

1. The City should require the use of a local workforce to benefit the community's economic development and environment.

Staff Response: The commenter reiterates comments made in its August 7, 2023, letter. As provided in Staff's response above and discussed in the Addendum, the Project will not result in any new, increased or substantially different air quality, GHG, or VMT impacts not previously considered and addressed in TOP 2050 SEIR. Therefore, mitigation beyond what was required in the TOP 2050 S EIR to further reduce air quality, GHG, and VMT impacts is not required for the proposed Project. The comment does not affect the analysis completed or conclusions provided in the Addendum, does not provide new information or evidence related to the analysis completed in the Addendum, and does not reflect on the adequacy or content of the Addendum. No changes to the Addendum are required.

2. The Project would be approved in violation of CEQA.

Staff Response: After initially citing State CEQA Guidelines section 15088.5 which does not apply to the Project, the commenter now claims that the TOP 2050 SEIR and the Addendum fail to adequately address environmental impacts or provide adequate mitigation measures relating to the sensitive receptors close to the Project site. As acknowledged in the Addendum, the Project will require implementation of TOP 2050 SEIR Mitigation Measures AQ 3-1 through AQ 3-3, and therefore would not result in any new impacts beyond those identified in TOP 2050 SEIR. (Addendum, p. 30.) In compliance with TOP 2050 SEIR Mitigation Measure AQ 3-1, MIG, Inc. prepared a memorandum which concludes the construction and operational emissions from proposed Project would not exceed any applicable SCAQMD-recommended CEQA thresholds of significance and is consistent with TOP 2050 with mitigation incorporated. As evidenced in the MIG memorandum, the Project would not result in a new or substantially greater significant air quality impact than identified in the TOP 2050 SEIR. As such, none of the factors listed in State CEQA Guidelines section 15162 are satisfied and an Addendum is appropriate.

Additionally, the commenter claims there may be impacts on sensitive receptors related to the demolition of the structures on site and that there may be a significant impact related to cumulative GHG emissions from vehicle exhaust as well as other sources.

The Addendum notes the TOP 2050 SEIR determined that implementation of the policies in the Safety Element, in addition to existing regulations, would ensure less than significant impacts from transport, use, and/or disposal of hazardous materials. It further concluded TOP 2050 would have less than significant direct, indirect, and cumulative impacts relating to transport, use, and disposal of hazardous materials, release of hazardous materials, and emission and handling of hazardous materials, substances, or waste. (Addendum, p. 40.) TOP 2050 SEIR analysis, cited in the Addendum, states "demolition activities that have the potential to expose construction workers and/or the public to asbestos-containing materials or lead-based paint will be conducted in accordance with applicable regulations, including, but not limited to: South Coast Air Quality Management District's Rule 1403; California Health and Safety Code (Section 39650 et seq.); California Code of Regulations (Title 8, Section 1529); California Occupational Safety and Health Administration regulations (California Code of Regulations, Title 8, Section 1529 [Asbestos] and Section 1532.1 [Lead]); and Code of Federal Regulations (Title 40, Part 61 [asbestos], Title 40, Part 763 [asbestos], and Title 29, Part 1926 [asbestos and lead]"; concluding impacts related to disposal of hazardous materials would be less than significant. (TOP SEIR, p. 5.9-37.) Demolition of structures, such as those contemplated by the Project, were considered and analyzed in TOP 2050 SEIR and no subsequent or supplemental EIR is warranted.

As to GHG emissions, the commenter has provided no evidence to support its claim that any substantial impacts related to GHG emissions or global climate change would occur as a result of Project implementation. The Addendum found developing the site with mixed residential and commercial uses will not create significantly greater impacts than were identified in TOP 2050 SEIR (Addendum, p. 39.). MIG, Inc. prepared a memorandum evidencing the Project's consistency with the City's CCAP and the analysis in TOP 2050 SEIR. The Project would result in the net reduction of approximately 4,405 MTCO2e per year and is consistent with the CCAP. Therefore, the Project would not result in a new or substantially more adverse GHG impact than identified in the TOP 2050 SEIR or CCAP and no subsequent or supplemental EIR is required.

The commenter restates its prior claim that a Project-specific EIR should be prepared and that new mitigation measures, specifically related to EV-capable parking spaces, are required and were not

considered in the prior environmental analysis of the Project site. The comment does not recognize the City's recent adoption of TOP 2050 and certification of TOP 2050 SEIR on August 16, 2022. As recognized in the Addendum, the Project will be required to comply with the CALGreen Building Code (CBC) commercial and residential requirements in effect at the time of development. Further, the Project will be required to implement Mitigation Measure AQ 3-3 from TOP 2050 SEIR, which provides a list of potential mitigation measures that may be included as conditions of approval should operational air quality impacts exceed South Coast AQMD-adopted thresholds of significance. Such measures include, but are not limited to: Provide bicycle parking facilities per Section A4.106.9 of CALGreen (Residential Voluntary Measures); Provide preferential parking spaces for low-emitting, fuel-efficient, and carpool/van vehicles per Section A5.106.5.1 of CALGreen (Nonresidential Voluntary Measures); Provide facilities to support electric charging stations per Section A5.106.5.3 and Section A5.106.8.2 of CALGreen (Nonresidential Voluntary Measures; Residential Voluntary Measures).

Finally, the commenter claims the Project description is inadequate. The Project description contains a clear statement of objectives, list of characteristics and list of approvals sought. (Addendum, pp. 1-9.)

3. CEQA requires the City to prepare a tiered EIR for the Project instead of an Addendum.

Staff Response: The City has properly prepared an Addendum to TOP 2050 SEIR for the Project and a tiered EIR, as claimed by the commenter, is not required. The City has discretion to determine whether a subsequent or supplemental EIR is necessary under Public Resources Code Section 21166 and State CEQA Guidelines Section 15162, so long as its decision is supported by substantial evidence. Similarly, whether an activity is within the scope of a program EIR "is a factual question that the lead agency determines based on substantial evidence in the record." (State CEQA Guidelines, §15168(c)(2)). The City has prepared an Addendum to TOP 2050 SEIR for the Project, finding that all impacts of the Project have been adequately addressed in TOP 2050 SEIR. The CEQA Guidelines provide that an agency may prepare an addendum to a prior EIR to document its decision that a subsequent EIR is not required. (State CEQA Guidelines, §15164(b), (e)). As such, the Addendum is appropriate in this case and no further environmental review is required.

The City has also followed all procedural requirements, including public disclosure requirements, in its preparation of the Addendum. While CEQA requires notice to the public and an opportunity to comment in connection with adoption of a negative declaration or preparation of an EIR, an addendum is not required to be circulated for public review (State CEQA Guidelines, § 15164(c)). The Addendum, and all supporting technical studies has been provided to the Planning Commission and the public prior to any decision by the City, in compliance with CEQA. The City has also complied with the requirements of the Public Records Act. The Project, along with the Development Advisory Board Staff Report and Addendum, was posted on the City's website 72 hours prior to the meeting, consistent with the California Public Records Act. Regarding the Planning Commission hearing, the Project has been advertised in the newspaper, notices have been sent to all property owners within 300 feet of the project and the Staff Report and Addendum were posted 72 hours prior to the hearing. Accordingly, a tiered EIR is not required for the Project.

4. The City cannot issue an Addendum because the Project was not addressed with TOP 2050 SEIR and therefore an EIR must be prepared for the Project.

Staff Response: As discussed in the Addendum, the Project was addressed in TOP 2050 SEIR, and the

commenter did not provide any evidence of Project impacts that are outside of the scope of TOP 2050 SEIR. The TOP 2050 shows a total of five locations within the City with the MU-NH land use designation. The Future Buildout Projections Table of the Land Use Element provides details for each of these five MU-NH sub-areas. The three parcels subject to this PUD Project make up 10.6 acres ("PUD site") of the overall 16 acres that comprise the "MU-NH" sub-area. The remaining 5.4 acres of the MU-NH area include approximately 28,000 square feet of existing businesses (gas station, pre-school, and two small businesses) and 15 single family homes between the PUD site and the SR-60 Freeway to the north.

TOP 2050 SEIR evaluated the development of a maximum of 369 residential units and approximately 142,840 square feet of non-residential development on the Overlay Planning Area (including the PUD site). The Project proposes 369 units and approximately 12,000 square feet of non-residential development in Phases 1 and 2, leaving 130,840 square feet of non-residential development to be built in the remainder of the MU-NH area adjacent to the SR-60 Freeway. Development of the proposed Project would slightly exceed the total number of residential units for this area under TOP 2050 (369 proposed units +15 existing units = 384 total units vs. 369 TOP 2050 projected total units, or a 5 percent increase). However, development of the Project would substantially reduce the amount of anticipated non-residential growth in this sub-area (12,000 SF in the Project area plus 28,000 existing = 40,000 SF vs. 142,840 SF, or a 72 percent decrease). The Addendum analyzed the impacts of the new residential and commercial uses currently proposed under the Project, but included this analysis demonstrating that the anticipated impacts of growth in this MU-NH sub-area with the Project are considered to be equivalent or less than those identified in TOP 2050 SEIR for this sub-area. Accordingly, the Project is within the scope of TOP 2050 and the preparation of an Addendum is appropriate.

TOP 2050 SEIR did identify several significant and unavoidable impacts. However, the commenter misstates the significant and unavoidable impacts included in TOP 2050 SEIR. TOP 2050 SEIR found significant and unavoidable impacts related to air quality, cultural resources (historic resources), noise and transportation (VMT) (TOP 2050 SEIR pp. 2-5 – 2-5.) The Addendum analyzes impacts at the Project level and for each of these areas concludes Project specific mitigation was not required. Notably, Project-specific analyses, prepared by MIG, Inc., an expert consulting firm, found the Project's air quality and GHG impacts to be less than significant with the mitigation imposed in TOP 2050 EIR (air quality) and, in the case of GHG emissions, Project emissions would actually be less than existing levels. In both instances, Project impacts were consistent (or less) than those analyzed for the site in TOP 2050 EIR. They are therefore properly addressed in the Addendum.

As TOP 2050 SEIR contemplated the Project, the City properly applied the subsequent review provisions in Public Resources Code Section 21166 and State CEQA Guidelines Sections 15162 and 15164. The Project will not result in any new significant environmental effects or a substantial increase in the severity of impacts identified in TOP 2050 SEIR, nor are there any changes in circumstances under which the Project is undertaken that would result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is also no new information that exists that shows the project will have one or more significant effects not discussed in TOP 2050 SEIR; significant effects previously examined will be substantially more severe than shown in the previous SEIR; or mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or mitigation measures or alternatives which are considerably different from those analyzed in the previous SEIR would substantially reduce one or more

significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative. As such, an Addendum is appropriate.

On September 14, 2023, Dale J. Goldsmith, on behalf of the applicant Legacy/Collier Residential LLC, submitted a letter in response to the second comment letter submitted by Mitchell Tsai (see Attachment A4 of the attached Planning Commission Backup File: Applicant Response Letter 2). The letter discussed the project and contested the claims made by Mr. Tsai.

PLANNING COMMISSION REVIEW: On September 26, 2023, the Planning Commission conducted a public hearing and voted 4-0 to recommend that the City Council consider and approve File No. PUD22-004, pursuant to the facts and reasons contained in the staff report and attached ordinance, and subject to the conditions of approval.

ORDINANCE NO._____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PUD22-004, THE EUCLID WALNUT PLANNED UNIT DEVELOPMENT, ESTABLISHING DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR A 10.6-ACRE PROJECT SITE GENERALLY LOCATED AT THE NORTHWEST CORNER OF EUCLID AVENUE AND WALNUT STREET, AND MAKING FINDINGS IN SUPPORT THEREOF— APNS: 1051-271-67, 1051-271-06, AND 1051-271-66.

WHEREAS, LEGACY/COLLIER RESIDENTIAL LLC (hereinafter referred to as "Applicant") has filed an Application for the approval of the Euclid Walnut Planned Unit Development ("PUD"), File No. PUD22-004, as described in the title of this Resolution (hereinafter referred to as "Application" or "Project"); and

WHEREAS, the Application applies to 10.6 acres of land generally located at the northwest corner of Euclid Avenue and Walnut Street, within the Mixed Use – Neighborhood Hub 8e – Euclid and Walnut (MU-NH 8e) zoning district, as well as the Euclid Avenue (EA) Overlay district, and is presently improved with commercial development; and

WHEREAS, the properties to the north of the Project site are within the Medium-Density Residential (MDR-18) and the MU-NH 8e zoning districts, and the EA Overlay district, and are developed with multi-family residential units, single-family dwellings, and commercial land uses. The properties to the east are within the Neighborhood Commercial (CN) zoning and EA Overlay districts, and are developed with commercial land uses. The properties to the south are within the Low-Density Residential (LDR-5) zoning district and the EA Overlay district, and are developed with single-family dwellings. The properties to the west are within the MDR-18 zoning district, and are developed with multi-family residential units; and

WHEREAS, the Project was submitted in conjunction with a Development Plan (File No. PDEV22-027) to construct the first phase of development, and a Certificate of Appropriateness (File No. PHP22-015) to determine whether the Project site is an historic resource and facilitate said development; and

WHEREAS, the PUD establishes the development standards and design guidelines for the Project site to facilitate its two phases of development. Phase 1 is comprised of 9.4 acres of the PUD site (everything except for the existing Carl's Jr. drive-thru restaurant site) and will require the demolition of a combined 100,950 square feet of commercial/retail buildings and related site improvements. Phase 1 will be redeveloped with two four-story and six three-story buildings, providing a combined total of 346 dwelling units, 5,400 square feet of ground floor commercial space, associated on-site parking for both land uses, recreational amenities for the residential land use and landscaping. Phase 2 will finish implementation of the total build-out of the area within the PUD project by demolishing the Carl's Jr. restaurant building and related site

improvements and replacing them with additional vertical mixed-use development. Completion of the second phase would provide up to an additional 23 dwelling units, 6,600 square feet of ground-floor commercial space and the associated site improvements. Overall, the PUD will facilitate development of a maximum of 369 dwelling units and up to 12,000 square feet of commercial land uses; and

WHEREAS, the PUD outlines the Project's (a) objectives, including its consistency with The Ontario Plan 2050 and the EA Overlay district; (b) land use plan, including zoning, phasing and build-out, and permitted land uses; (c) development regulations, including intensity and density, building envelope, vehicle access and parking facilities, parking supply and design, residential open space and common amenities, service facilities, signs, landscape and hardscape, fences and walls, public right-of-way improvements, infrastructure, and overall development standards; (d) design criteria, including those for building orientation, access and parking facilities, service facilities, pedestrian linkages, architectural character, massing and scale, articulation and fenestration, architectural details, storefronts, materials and colors, roofs and rooftop equipment, non-residential outdoor dining areas, residential outdoor space and common recreation amenities, and landscape/hardscape elements; and (e) administration, including items not addressed in the PUD, requirements for Development Plans and other applications, and administrative exceptions; and

WHEREAS, Project approval is contingent on Planning Commission approval of the related Certificate of Appropriateness and Development Plan applications, and City Council approval of the Euclid Walnut PUD. Issuance of the Project's Building Permits is contingent upon approval of the related Lot Line Adjustment/Lot Merger application, pursuant to Engineering Department requirements and requests; and

WHEREAS, The Ontario Plan 2050 Supplemental Environmental Impact Report (State Clearinghouse No. 2021070364) was certified on August 16, 2022, (hereinafter referred to as "Certified SEIR"), in which development and use of the Project site was discussed; and

WHEREAS, the Planning Director of the City of Ontario prepared and approved for attachment to the Certified SEIR, an Addendum to the Certified SEIR (hereinafter referred to as "SEIR Addendum") in accordance with the requirements of the California Environmental Quality Act of 1970, together with State and local guidelines implementing said Act, all as amended to date (collectively referred to as "CEQA"); and

WHEREAS, the environmental impacts of this project were thoroughly analyzed in the SEIR Addendum, which concluded that implementation of the Project could result in a number of significant effects on the environment that were previously analyzed in the Certified SEIR, and that the Certified SEIR identified mitigation measures that would reduce each of those significant effects to a less-than-significant level; and

WHEREAS, the City's "Local Guidelines for the Implementation of the California Environmental Quality Act (CEQA)" provide for the use of a single environmental assessment in situations where the impacts of subsequent projects are adequately analyzed; and

WHEREAS, the Application is a project pursuant to the California Environmental Quality Act — Public Resources Code Section 21000 et seq. — (hereinafter referred to as "CEQA") and an SEIR Addendum has been prepared to determine possible environmental impacts; and

WHEREAS, Ontario Development Code Table 2.02-1 (Review Matrix) grants the City Council the authority to review and act on the subject Application; and

WHEREAS, the Project has been reviewed for consistency with the Housing Element of the Policy Plan component of The Ontario Plan 2050, as State Housing Element law (as prescribed in Government Code Sections 65580 through 65589.8) requires that development projects must be consistent with the Housing Element, if upon consideration of all its aspects, it is found to further the purposes, principals, goals, and policies of the Housing Element; and

WHEREAS, the Project is located within the Airport Influence Area of Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and is subject to, and must be consistent with, the policies and criteria set forth in the Ontario International Airport Land Use Compatibility Plan (hereinafter referred to as "ALUCP"), which applies only to jurisdictions within San Bernardino County, and addresses the noise, safety, airspace protection, and overflight impacts of current and future airport activity; and

WHEREAS, City of Ontario Development Code Division 2.03 (Public Hearings) prescribes the manner in which public notification shall be provided and hearing procedures to be followed, and all such notifications and procedures have been completed; and

WHEREAS, on August 22, 2023, the Planning Commission of the City of Ontario voted to continue the item to the September 26, 2023, hearing date; and

WHEREAS, as the first action on the Project, on September 26, 2023, the Planning Commission voted to issue Resolution No. PC23-074 recommending the City Council adopt the SEIR Addendum, finding that the proposed Project introduces no new significant environmental impacts and applying all previously adopted mitigation measures to the Project, which were incorporated by reference; and

WHEREAS, on September 26, 2023, the Planning Commission of the City of Ontario conducted a hearing to consider the Project, voting to issue Resolution No. PC23- 075 recommending the City Council approve the Application and concluded said hearing on that date; and

WHEREAS, on October 17, 2023, the City Council of the City of Ontario conducted a hearing to consider the Addendum and the Project, and concluded said hearing on that date; and

WHEREAS, as the first action on the Project, on October 17, 2023, the City Council approved a resolution adopting an Addendum to a previous Certified SEIR prepared

pursuant to CEQA, the State CEQA Guidelines and the City of Ontario Local CEQA Guidelines, which indicated that all potential environmental impacts from the Project were less than significant or could be mitigated to a level of significance; and

WHEREAS, all legal prerequisites to the adoption of this Ordinance have occurred.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDAINED by the City Council of the City of Ontario, as follows:

SECTION 1. ***Environmental Determination and Findings.*** As the decision-making body for the Project, the City Council has reviewed and considered the information contained in the previous Certified SEIR and supporting documentation. Based upon the facts and information contained in the previous Certified SEIR and supporting documentation, the City Council finds as follows:

(1) The environmental impacts of the Project were reviewed in conjunction with an Addendum to The Ontario Plan 2050 Supplemental Environmental Impact Report (State Clearinghouse No. 2021070364), certified by the Ontario City Council on August 16, 2022, in conjunction with File No. PGPA20-002.

(2) The Addendum and administrative record have been completed in compliance with CEQA, the State CEQA Guidelines, and the City of Ontario Local CEQA Guidelines; and

(3) The City's "Guidelines for the Implementation of the California Environmental Quality Act (CEQA)" provide for the use of a single environmental assessment in situations where the impacts of subsequent projects are adequately analyzed. This Application introduces no new significant environmental impacts; and

(4) The Addendum contains a complete and accurate reporting of the environmental impacts associated with the Project, and reflects the independent judgment of the City Council; and

(5) There is no substantial evidence in the administrative record supporting a fair argument that the project may result in significant environmental impacts; and

(6) The proposed project will introduce no new significant environmental impacts beyond those previously analyzed in the Certified SEIR, and all mitigation measures previously adopted by the Certified SEIR, are incorporated herein by this reference.

SECTION 2. ***Additional Environmental Review Not Required.*** Based on the Addendum, all related information presented to the City Council, and the specific findings set forth in Section 1, above, the City Council finds that the preparation of a subsequent or supplemental Certified SEIR is not required for the Project, as the Project:

(1) Does not constitute substantial changes to the Certified SEIR that will require major revisions to the Certified SEIR due to the involvement of new significant

environmental effects or a substantial increase in the severity of previously identified significant effects; and

(2) Does not constitute substantial changes with respect to the circumstances under which the Certified SEIR was prepared, that will require major revisions to the Certified SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

(3) Does not contain new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the Certified SEIR was certified/adopted, that shows any of the following:

(a) The project will have one or more significant effects not discussed in the Certified SEIR; or

(b) Significant effects previously examined will be substantially more severe than shown in the Certified SEIR; or

(c) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project, but the City declined to adopt such measures; or

(d) Mitigation measures or alternatives considerably different from those analyzed in the Certified SEIR would substantially reduce one or more significant effects on the environment, but which the City declined to adopt.

SECTION 3. ***Airport Land Use Compatibility Plan ("ALUCP") Compliance.*** The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan.

On April 19, 2011, the City Council of the City of Ontario approved and adopted the Ontario International Airport Land use Compatibility Plan, establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. As the decision-making body for the Project, the City Council has reviewed and considered the facts and information contained in the Application and supporting documentation against the ONT ALUCP compatibility factors, including [1] Safety Criteria (ONT ALUCP Table 2-2) and Safety Zones (ONT ALUCP Map 2-2), [2] Noise Criteria (ONT ALUCP Table 2-3) and Noise Impact Zones (ONT ALUCP Map 2-3), [3] Airspace protection Zones (ONT ALUCP Map 2-4), and [4] Overflight Notification Zones (ONT ALUCP Map 2-5). As a result, the City Council, therefore, finds and determines that the Project, when implemented in conjunction with the conditions of approval, will be consistent with the policies and criteria set forth within the ONT ALUCP; and

SECTION 4. ***Housing Element Compliance.*** Pursuant to the requirements of California Government Code Chapter 3, Article 10.6, commencing with Section 65580, as the decision-making body for the Project, the City Council finds that based upon the facts and information contained in the Application and supporting documentation, at the time of Project implementation, the project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan 2050, as the project site is not one of the properties in the Housing Element Sites Inventory contained in Tables B-1 and B-2 of the Housing Element Technical Report.

SECTION 5. ***Concluding Facts and Reasons.*** Based upon the substantial evidence presented to the City Council during the above-referenced hearing, and upon the specific findings set forth in Section 1 through 4, above, the City Council hereby concludes as follows:

(1) ***The proposed PUD, or amendment thereto, is consistent with the goals, policies, plans and exhibits of the Vision, Policy Plan (General Plan), and City Council Priorities components of The Ontario Plan.*** The Project is consistent with the Vision, Policy Plan (General Plan), and City Council Priorities components of The Ontario Plan in that the mixed-use standards and guidelines specified in the PUD align with The Ontario Plan. Section 2.1 of the Euclid Walnut Planned Unit Development ("PUD"), titled "Consistency with The Ontario Plan", describes how the PUD complies with the Policy Plan goals, policies, and plans.

(2) ***The proposed PUD, or amendment thereto, would not be detrimental to the public interest, health, safety, convenience, or general welfare of the City.*** The City Council has required certain safeguards through conditions of approval, which have been established to ensure that: [i] the purposes of the Planned Unit Development are maintained; [ii] the project will not endanger the public health, safety or general welfare; [iii] the project will not result in any significant environmental impacts; [iv] the project will be in harmony with the area in which it is located; and [v] the project will be in full conformity with the Vision, City Council Priorities and Policy Plan components of The Ontario Plan.

(3) ***In the case of an application affecting specific property(ies), the proposed PUD, or amendment thereto, will not adversely affect the harmonious relationship with adjacent properties and land uses.*** While the PUD Project area is situated on the Euclid Avenue (EA) Overlay district, it is located 0.4-mile south of the locally- and nationally-recognized landmark and historic cultural landscape corridor, and 3 miles south of the City's Downtown Historic District; therefore, the Project is outside of and does not contain any historic resources. The adjacent neighborhood consists of existing single- and multiple-family dwellings and commercial development, which also do not qualify as historic resources. The PUD has ensured that on-site development is sensitive to and complementary of the surrounding development, and the surrounding development is compatible with the proposed residential and commercial mixed-use development. Therefore, the Project does not affect the harmonious relationship with adjacent properties and land uses.

(4) ***In the case of an application affecting specific property(ies), the subject site is physically suitable, including, but not limited to, parcel size, shape, access, and availability of utilities, for the request and anticipated development.*** In preparing the PUD, a thorough review and analysis of the proposed Project and the subject site's physical suitability for the Project was completed, including analysis of the Project size and shape, intensity of development, building height and setbacks, site access, site landscaping and drainage, fences and walls, vehicle and pedestrian circulation, availability of mass transit, necessary street dedication and easements, public right-of-way improvements, availability of utilities and other infrastructure needs, off-street parking, building orientation and streetscapes, architectural character, building materials and character, and site signage. Based upon this review and analysis, the subject site has been deemed physically suitable, including but not limited to parcel size, shape, access, and availability of utilities for the proposed PUD and proposed development.

(5) ***The proposed PUD is superior to that which could be obtained through the application of the Development Code or a specific plan.*** The PUD will establish minimum building setbacks, parking and open space requirements, private storage provisions, a planting palette, allowable land uses preferable to support the proposed development and the surrounding community, and more. These standards will facilitate the development of up to 369 dwelling units and 12,000 square feet of commercial space and accompanying improvements. The proposed PUD will allow for subsequent development that is superior to that which could be obtained through the application of the Development Code by itself, by means of facilitating the development of high-density apartments, restaurants, retail shops, and other commercial services that will serve to achieve the City's goals of economic revitalization and aesthetic enhancements along an underutilized portion of the Euclid Avenue corridor. Lastly, the PUD will further serve to implement the vision of the EA Overlay district, the Mixed Use – Neighborhood Hub 8e – Euclid and Walnut (MU-NH 8e) zoning district, and the Mixed Use - Neighborhood Activity Hub: 20.0 to 75.0 du/ac; 1.0 FAR office/retail (MU-NH) land use district of the Policy Plan by allowing for this vibrant and well-designed mixed-use development.

SECTION 6. ***City Council Action.*** Based upon the findings and conclusions set forth in Sections 1 through 5, above, the City Council hereby APPROVES the herein described Euclid Walnut Planned Unit Development, attached hereto as "Attachment A,", and subject to the Project conditions of approval, attached hereto as "Attachment B,", and incorporated herein by this reference.

SECTION 7. ***Indemnification.*** The Applicant shall agree to defend, indemnify and hold harmless, the City of Ontario or its agents, officers, and employees from any claim, action or proceeding against the City of Ontario or its agents, officers or employees to attack, set aside, void, or annul this approval. The City of Ontario shall promptly notify the applicant of any such claim, action, or proceeding, and the City of Ontario shall cooperate fully in the defense.

SECTION 8. ***Custodian of Records.*** The documents and materials that constitute the record of proceedings on which these findings have been based are located at the City of Ontario City Hall, 303 East "B" Street, Ontario, California 91764. The custodian for these records is the City Clerk of the City of Ontario.

SECTION 9. ***Severability.*** If any section, sentence, clause or phrase of this Ordinance or the application thereof to any entity, person or circumstance is held for any reason to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The People of the City of Ontario hereby declare that they would have adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

SECTION 10. ***Effective Date.*** This Ordinance shall become effective 30 days following its adoption.

SECTION 11. ***Publication and Posting.*** The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within 15 days following the adoption. The City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 7th day of November 2023.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. was duly introduced at a regular meeting of the City Council of the City of Ontario held _____ and adopted at the regular meeting held November 7, 2023, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. duly passed and adopted by the Ontario City Council at their regular meeting held November 7, 2023, and that Summaries of the Ordinance were published on _____ and _____, in the Inland Valley Daily Bulletin newspaper.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

ATTACHMENT A:

File No. PUD22-004;
Euclid Walnut Planned Unit Development

(Document follows this page)



City of Ontario
PUD 22-004

Euclid Walnut

Planned Unit Development

A Project by Legacy Partners

CITY OF ONTARIO SOUTHERN CALIFORNIA

Euclid/Walnut

Planned Unit Development

City of Ontario
PUD 22-004
City Council Approval Date - TBD
City Council Ordinance No. TBD

303 E. B Street
Ontario, CA 91764
(909) 395-2000
ontarioca.gov

Applicant:

Legacy Partners
5141 California Avenue
Suite 100
Irvine, CA 92617

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1 Introduction

The Euclid/Walnut Planned Unit Development (PUD) functions as a set of planning and design principles, development regulations, and performance standards to guide and govern the redevelopment of a commercial shopping center into a mixed-use development. The project site comprises three parcels located on the northwest corner of Euclid Avenue and Walnut Street, as shown on Exhibit 1-1: PUD Location Map. This PUD will facilitate development of high-density apartments, restaurants, retail shops, and other commercial services that will achieve the City's goals to economically revitalize and aesthetically enhance an underutilized parcel on the Euclid Avenue corridor.

Exhibit 1-1: PUD Location Map



This document is organized to fulfill the requirements for a PUD, as set forth in the Ontario Development Code (ODC). The Euclid/Walnut PUD replaces the existing zoning district designation and ODC regulations applicable to the affected properties. The properties also lie within the "EA – Euclid Avenue Overlay" district. Any applicable requirements of the overlay district shall remain in full force and effect. Unless otherwise defined or stated herein, definitions and interpretations contained in the ODC shall apply. City staff and private developers will rely on this PUD to determine whether precise plans for development ("Development Plans") adequately meet the City's land use and design objectives of The Ontario Plan (TOP) 2050.

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2 Objectives

2.1 Consistency with The Ontario Plan

The Ontario Plan (TOP), the City's comprehensive plan, has undergone a significant update to shape the Ontario community through 2050. TOP 2050 has three policy level components: the Vision, a Governance Manual, and the Policy Plan (General Plan).

The Ontario Vision – adopted by the City Council envisioning "A sustained, community-wide prosperity which continuously adds value and yields benefits." Value is comprehensive in this regard and is expressed in land, revenues, infrastructure, businesses, education, employment, health, community services, recreation, etc. In particular, Ontario is committed to being "A Premier Community by Design." One of the foundations to accomplish this is described in the Vision as ensuring that development is "distinctive." The Euclid/Walnut PUD helps the City realize specific "Points of Vision" as outlined for "Distinctive Development" as follows:

- A system of vibrant retail, town, and neighborhood centers responsive to market demands and woven into the fabric of the community.
- A demonstrated ability to attract housing in pursuit of our acknowledged responsibility to balance housing with the job growth that drives our quality of life.
- Superior quality and design of the built environment and open spaces through careful attention to detail at every scale, including public and private spaces and structures.

The Governance Manual – institutionalizes Ontario's approach to governance and provides a business plan for the City. Ontario believes the City has the obligation to create, maintain, and grow economic value. The Manual guides the City's leadership and ensures that TOP 2050 is integrated into daily operations and provides for effective administration. The Euclid/Walnut PUD is established in conformance with the City's requirements and includes an administrative section consistent with provisions contained in the ODC for consideration of "Development Plans."

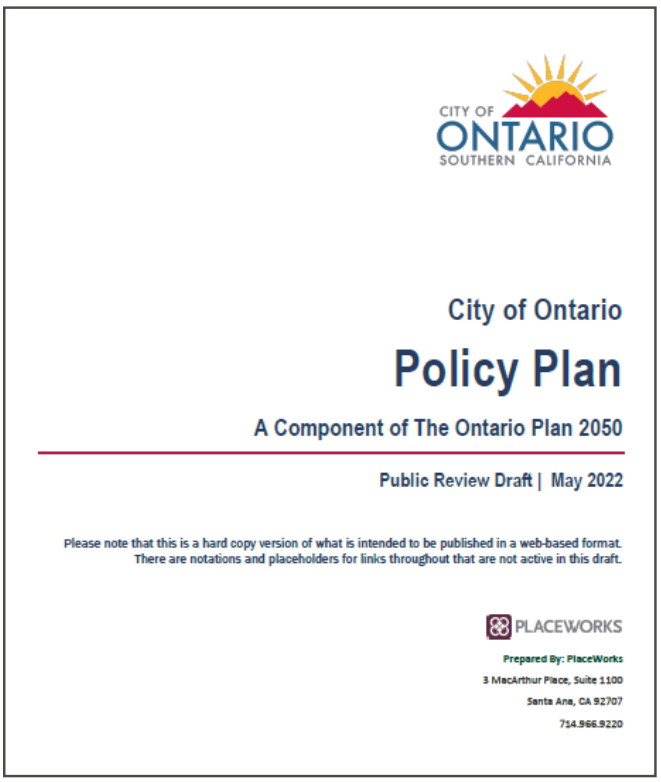
The Policy Plan (General Plan) – includes the Land Use Element, which designates the subject parcels within the Euclid/Walnut PUD as "MU - Mixed Use." Generally, these properties are developed with a mix of uses that, when concentrated, create focal points for community activity and facilitate walking, biking, and transit use The MU – Mixed Use land use category accommodates a horizontal and/or vertical mix of retail, service, office, restaurant, entertainment, cultural, and residential uses. The densities and intensities of the MU – Mixed Use designation represent the intended level of anticipated development; however, individual projects may vary depending upon an approved master plan, such as a specific plan or planned unit development.

Within the Land Use Element, the MU – Mixed Use designation is broken down into unique sub-categories to further refine the type of mixed-use development desired by the City. The parcels comprising the Euclid/Walnut PUD are part of a sub-area categorized as MU-NH – Mixed Use Neighborhood Activity Hub. This specific designation envisions low-rise (three to five stories) buildings, with a mix of retail and residential uses that will create identity and place, and serve surrounding residents. This category allows for residential densities ranging from 20 to 75 dwelling units per acre and non-residential intensity of 1.00 floor area ratio (FAR). Five locations within the City have the MU-NH land use designation. The Future Build-out Projections Table of the Land Use Element provides details for each of these five MU-NH sub-areas. The build-out of the 16-acre "MU-NH (Euclid & Walnut)" sub-area is projected to be 369 dwelling units and 142,840 square feet of non-residential development.

This PUD regulates the redevelopment of 10.6 acres of this sub-area to create a mixed-use project providing a total of 369 dwelling units and 12,000 non-residential square feet. The other 5.4 acres of the sub-area is located north of the PUD boundary and currently developed with 15 single family dwelling units, and approximately 28,000 square feet of non-residential development. There is a nominal increase to the total build-out projection for the number of residential dwelling units within this sub-area resulting from the combination of existing to remain and construction of new within the boundaries of this PUD. However,

it is offset by a significant reduction in the build-out of non-residential square footage should the existing uses/buildings remain unchanged on the 5.4-acre portion. Implementation of this PUD would still allow for redevelopment of the 5.4 acre portion of the sub-area of up to 130,000 of non-residential square footage, consistent with the TOP 2050 build-out projections for this sub-area.

In addition to the requirements of the Land Use Element, all mixed-use development is subject to specific "Place Types" as defined in the Community Design Element, which represent the intended outcome and character for each area. The Euclid/Walnut PUD falls within Place Type 8 (a-e). Properties with this Place Type are considered "Neighborhood Center – Infill" development where commercial and residential parcels were largely developed in an incremental manner prior to 2020. The Community Design Element acknowledges that many properties in this Place Type range in size, complexity, and relationships with surrounding streets and neighborhoods, and that redevelopment could result in horizontal or vertical mixed use. However, all of these centers are envisioned to incorporate site design that prioritizes safe, attractive, and well-shaded pedestrian access on site, from the public rights-of-way, and from the adjacent neighborhoods.


CITY OF ONTARIO SOUTHERN CALIFORNIA

City of Ontario

Policy Plan

A Component of The Ontario Plan 2050

Public Review Draft | May 2022

Please note that this is a hard copy version of what is intended to be published in a web-based format. There are notations and placeholders for links throughout that are not active in this draft.

PLACEWORKS

Prepared By: PlaceWorks
3 MacArthur Place, Suite 1100
Santa Ana, CA 92707
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Implementation of the Euclid/Walnut PUD will achieve many City goals and policies outlined in The Policy Plan (General Plan). Those specific goals and polices are as follows.

Land Use Element

Goal LU-1 Balance

A community that has a spectrum of housing types and price ranges that match the jobs in the City and that make it possible for people to live and work in Ontario and maintain a quality of life.

- LU-1.1 Strategic Growth. We concentrate growth in strategic locations that help create place and identity, maximize available and planned infrastructure, foster the development of transit, and support the expansion of the active and multimodal transportation networks throughout the City.
- LU-1.5 Jobs-Housing Balance. We coordinate land use, infrastructure, and transportation planning and analysis with regional, county, and other local agencies to further regional and subregional goals for jobs-housing balance.
- LU-1.6 Complete Community. We incorporate a variety of land uses and building types in our land use planning efforts that result in a complete community where residents at all stages of life, employers, workers, and visitors have a wide spectrum of choices of where they can live, work, shop and recreate within Ontario.

Goal LU-2 Compatibility

Compatibility between a wide range of uses and resultant urban patterns and forms.

- LU-2.1 Land Use Decisions. We minimize adverse impacts on adjacent properties when considering land use and zoning requests.
- LU-2.2 Buffers. We require new uses to provide mitigation or buffers between existing uses where potential adverse impacts could occur. Additional mitigation is required when new uses could negatively impact environmental justice areas.

Goal LU-4 Phased Growth

Development that provides short-term value only when the opportunity to achieve our Vision can be preserved.

- LU-4.2 Interim Development. We allow development in urban, mixed use, and transit-oriented Place Types that is not immediately reflective of our ultimate Vision for the Place Type, provided it can be modified or replaced when circumstances are right to support development aligned with the Place Type Vision. We will not allow development that impedes, precludes, or compromises our ability to achieve our Vision.
- LU-4.3 Infrastructure Timing. We require that the necessary infrastructure and services be in place prior to or concurrently with development.
- LU-4.4 Shared Infrastructure. We encourage and facilitate the use of shared infrastructure (including shared or managed parking) in urban, mixed use, and transit-oriented Place Types.

Housing Element

Goal H-2 Housing Supply & Diversity

Diversity of types of quality housing that are affordable to a range of household income levels, accommodate changing demographics, and support and reinforce the economic sustainability of Ontario.

- H-2.1 Corridor Housing. We revitalize transportation corridors by encouraging the production of higher density residential and mixed-uses that are architecturally, functionally, and aesthetically suited to corridors.
- H-2.5 Housing Design. We require architectural excellence through adherence to City design guidelines, thoughtful site planning, environmentally sustainable practices, and other best practices.
- H-2.6 Infill Development. We support the revitalization of neighborhoods through the construction of higher-density residential developments on underutilized residential and commercial sites.

Goal H-3 Governmental Regulations

A City regulatory environment that balances the need for creativity and excellence in residential design, flexibility and predictability in the project approval process, and the provision of an adequate supply and prices of housing.

- H-3.2 Flexible Standards. We allow flexibility in the application of residential and mixed-use development standards in order to gain benefits such as exceptional design quality, economic advantages, sustainability, or other benefits that would otherwise be unrealized.

Environmental Resources Element

Goal ER-1 Water & Wastewater

A reliable and cost-effective system that permits the City to manage its diverse water resources and needs.

- ER-1.4 Supply-Demand Balance. We require that available water supply and demands be balanced.
- ER-1.6 Urban Run-off Quantity. We encourage the use of low impact development strategies, including green infrastructure, to intercept run-off, slow the discharge rate, increase infiltration, and ultimately reduce discharge volumes to traditional storm drain systems.
- ER-1.7 Urban Run-off Quality. We require the control and management of urban run-off, consistent with Regional Water Quality Control Board regulations.
- ER-1.8 Wastewater Management. We require the management of wastewater discharge and collection consistent with waste discharge requirements adopted by the Regional Water

Quality Control Board.

Goal ER-3 Energy

Cost-effective and reliable energy system sustained through a combination of low impact buildings, site and neighborhood energy conservation, and diverse sources of energy generation that collectively helps to minimize the region's carbon footprint.

- ER-3.3 Building and Site Design. We require new construction to incorporate energy efficient building and site design strategies, which could include appropriate solar orientation, maximum use of natural daylight, passive solar, and natural ventilation.

Goal ER-4 Air Quality

Improved indoor and outdoor air quality and reduced locally generated pollutant emissions.

- ER-4.1 Land Use. We reduce GHG and other local pollutant emissions through compact, mixed use, and transit-oriented development and development that improves the regional jobs-housing balance.

Community Economics Element

Goal CE-1 Complete Community

A complete community that provides for all incomes and stages of life.

- CE-1.6 Diversity of Housing. We collaborate with residents, housing providers, and the development community to provide housing opportunities for every stage of life; we plan for a variety of housing types and price points to encourage the development of housing supportive of our efforts to attract business in growing sectors of the community while being respectful of existing viable uses.
- CE-1.7 Retail Goods and Services. We seek to ensure a mix of retail businesses that provide the full continuum of goods and services for the community.

Goal CE-2 Placemaking

A City of distinctive neighborhoods, districts, corridors, and centers where people choose to be.

- CE-2.1 Development Projects. We require new development and redevelopment to create unique, high-quality places that add value to the community.
- CE-2.2 Development Review. We require those proposing new development and redevelopment to demonstrate how their projects will create appropriately unique, functional, and sustainable places that will compete well with their competition within the region.

Safety Element

Goal S-1 Seismic & Geologic Hazards

Minimized risk of injury, loss of life, property damage, and economic and social disruption caused by earthquake-induced and other geologic hazards.

- S-1.1 Implementation of Regulations and Standards. We require that all new habitable structures be designed in accordance with the most recent California Building Code adopted by the City, including provisions regarding lateral forces and grading.
- S-1.2 Entitlement and Permitting Process. We follow state guidelines and the California Building Code to determine when development proposals must conduct geotechnical and geological investigations.

Goal S-2 Flood Hazards

Minimized risk of injury, loss of life, property damage and economic and social disruption caused by flooding and inundation hazards.

- S-2.5 Stormwater Management. We maintain the storm drain system to convey a 100-year storm, when feasible, and encourage environmental site design practices to minimize flooding and increase groundwater recharge, including natural drainage, green infrastructure, and permeable ground surfaces.

Goal S-3 Fire & Rescue Hazards

Reduced risk of death, injury, property damage and economic loss due to fires, accidents and normal everyday occurrences through prompt

and capable emergency response.

- S-3.1 Prevention Services. We proactively mitigate or reduce the negative effects of fire, hazardous materials release, and structural collapse by implementing the regularly adopted California Fire Code and California Building Code.
- S-3.8 Fire Prevention through Environmental Design. We require new development to incorporate fire prevention consideration in the design of streetscapes, sites, open spaces, and buildings.

Goal S-4 Noise Hazards

An environment where noise does not adversely affect the public's health, safety, and welfare.

- S-4.1 Noise Mitigation. We utilize the City's Noise Ordinance, building codes, and subdivision and development codes to mitigate noise impacts.

Goal S-5 Wind-Related Hazards

Minimize the risk of injury, property damage, and economic loss resulting from windstorms and wind-related hazards.

- S-5.1 Dust Control Measures. We require the implementation of Best Management Practices for dust control at all excavation and grading projects.

Goal S-7 Law Enforcement

Residential neighborhoods, commercial areas, and industrial districts that are kept safe through a multi-faceted approach of prevention, suppression, and community involvement in public safety.

- S-7.4 Crime Prevention through Environmental Design (CPTED). We require new development to incorporate CPTED in the design of streetscapes, sites, open spaces, and buildings.

Community Design Element

Goal CD-1 Image & Identity

A dynamic, progressive city containing distinct and complete places that foster a positive sense of identity and belonging among residents, visitors, and businesses.

- CD-1.2 Place Types. We establish Place Types in urban, mixed use, and transit-oriented areas to foster the City's identity as a premier community and require new development within each Place Type to incorporate prescribed urban patterns, forms, and placemaking priorities.

Goal CD-2 Design Quality

A high level of design quality resulting in neighborhoods, commercial areas, public spaces, parks, and streetscapes that are attractive, safe, functional, human- scale, and distinct.

- CD-2.1 Quality Building Design and Architecture. We encourage all development projects to convey visual interest and character through:
  1. Building volume, massing, and height to provide context-appropriate scale and proportion;
  2. A true architectural style which is carried out in plan, section, and elevation through all aspects of the building and site design and appropriate for its setting; and
  3. Exterior building materials that are articulated, high quality, durable, and appropriate for the architectural style.
- CD-2.4 Urban, Mixed Use, and Transit-oriented Areas. We establish Place Types to require mixed use, urban, and transit-oriented areas to be designed and developed as pedestrian oriented areas that are integrated with adjacent neighborhoods and promote a vibrant, comfortable, and functional environment, as defined for each Place Type.
- CD-2.7 Sustainability. We collaborate with the development community to design and build neighborhoods, streetscapes, sites, outdoor spaces, landscaping, and buildings to reduce energy demand through solar orientation, maximum use of natural daylight, passive solar and natural ventilation, building form, mechanical and structural systems, building materials, and construction techniques.

- CD-2.8 Safe Design. We incorporate defensible space design into new and existing developments to ensure the maximum safe travel and visibility on pathways, corridors, and open space and at building entrances and parking areas by avoiding physically and visually isolated spaces, maintaining visibility and accessibility, and using lighting.
- CD-2.9 Landscape Design. We encourage durable, sustainable, and drought-tolerant landscaping materials and designs that enhance the aesthetics of structures, create and define public and private spaces, and provide shade and environmental benefits.
- CD-2.13 Entitlement Process. We work collaboratively with all stakeholders to ensure a high degree of certainty in the efficient review and timely processing of all development plans and permits.

Goal CD-3 Urban, Mixed Use, and Transit-Oriented Place Types

Vibrant urban environments that are organized around intense buildings, pedestrian and transit areas, public plazas, and linkages between and within developments that are conveniently located, visually appealing and safe during all hours.

- CD-3.1 Unique Identity. We promote development that heightens the unique character and identity of each Place Type by requiring compatible land uses and land planning, site design, and building design that promotes an active public realm.
- CD-3.4 Context-Aware and Appropriate Design. We require appropriate building and site design that complements existing development, respects the intent and identity of the Place Type, and provides appropriate transitions and connections between adjacent uses to ensure compatibility of scale, maintain an appropriate level of privacy for each use, and minimize potential conflicts.
- CD-3.5 Active Frontages. We create lively pedestrian streetscapes by requiring primary building, business, and residential entrances, outdoor dining, and storefronts be located on ground floors adjacent to sidewalks or public spaces and designed to maximize

CD-3.1 Unique Identity



CD-3.4 Context Aware and Appropriate Building Design



CD-3.5 Active Frontages



CD-3.6 Managed Infrastructure



2.2 Euclid Avenue (EA) Overlay District and Historic Resources

The EA Overlay zoning district was established to recognize, protect, and enhance the visual character and quality of Euclid Avenue as a major scenic and historic resource in Ontario as well as its position on the National Register of Historic Places. Properties located within the EA require approval of a Certificate of Appropriateness to ensure no adverse impacts to designated historic resources occur as a result of new development and buildings. This PUD includes design criteria within Chapter 5 for site and building design that strengthen the overall character of Euclid Avenue.

The public right-of-way of Euclid Avenue from Philadelphia Street northward to the Interstate 10 was designated as Local Landmark No. 67 on January 16, 2001 by the Ontario City Council. On August 10, 2005, the public right-of-way of Euclid Avenue from Philadelphia Street in Ontario northward to 24th Street in Upland was listed on the National Register of Historic Places as a significant cultural landscape. One contributing character defining-feature of the right-of way is the 60-foot-wide median separating the north/southbound vehicular lanes of Euclid Avenue. This PUD does not propose to alter or affect this character-defining feature.

Although the parcels within this PUD have Euclid Avenue frontage, the location of this PUD is separated from the southern boundary (Philadelphia Street) of this Local Landmark/National Register of Historic Places designation by a distance of approximately 0.4 miles. The extended view of the Euclid Avenue corridor, when viewed northward from the parcels or southward towards the parcels of this PUD, is also visually disrupted within the immediate foreground view as a result of the Pomona Freeway (SR-60), which is elevated above Euclid Avenue. Additionally, this PUD is separated from the closest boundary of an historic district, the Downtown Historic District, by a distance of approximately three miles. Based upon the City's Historic Preservation records, there are no potential or proposed historic resources within the immediate surrounding area of the parcels within this PUD.



Historic Euclid Avenue

2.3 Euclid / Walnut PUD Objectives

The Euclid/Walnut PUD establishes a set of planning and design principles, development regulations, and performance standards to guide and govern the development of a defined project site. This PUD will facilitate redevelopment of the project site with structures and related improvements that support residential and non-residential land uses within the same project site. In addition to facilitating achievement of many City goals and policies as outlined herein, this PUD has the following objectives:

- Develop and provide new, high-quality rental housing combined with a mixed-use component.
- Provide transition between new mixed-use development and surrounding residential neighborhoods and commercial properties.
- Provide areas of private and passive open space for each residential unit, as well as community gathering and active open spaces.
- Promote development that is consistent with the MU-NH – Mixed Use Neighborhood Activity Hub land use designation.
- Promote revitalization of commercial uses on the project site by establishing new ground-floor retail and similar uses that serve on-site residents and those in surrounding neighborhoods.
- Provide outdoor gathering places adjacent to commercial storefronts, such as outdoor patio or bench seating with inviting/attractive landscape elements.
- Orient non-residential, ground-floor uses towards Euclid Avenue.
- Incorporate site design solutions to allow for phased development.
- Satisfy the build-out projections for residential dwelling units within the MU-NH (Euclid-Walnut) sub-area, as defined in TOP 2050.

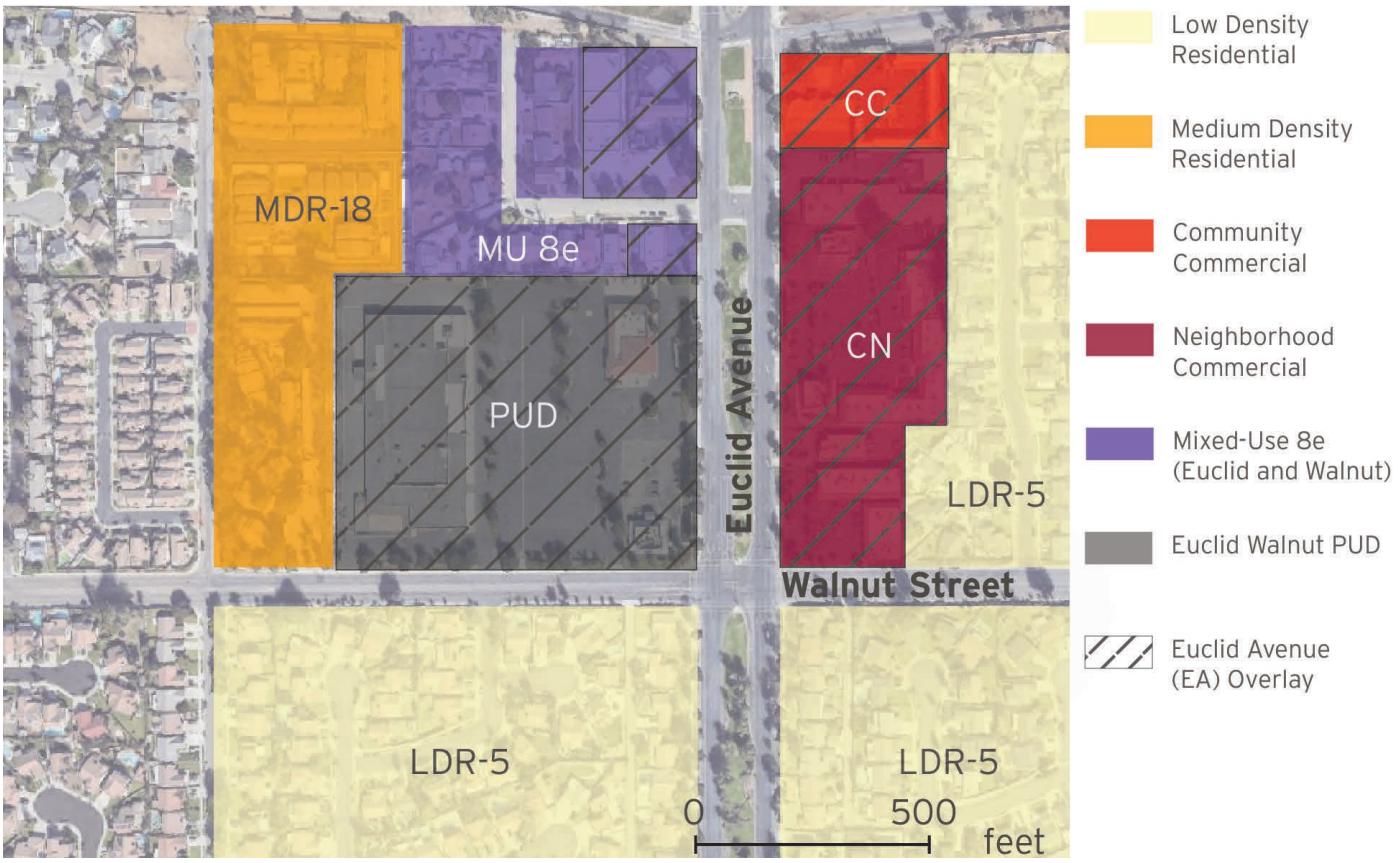


3 Land Use Plan

3.1 Land Use and Zoning

The Euclid/Walnut PUD applies to the parcels shown on Exhibit 3-1: Land Use/Zoning Map. The map establishes a single zoning district of PUD - Planned Unit Development providing for a mix of commercial and residential uses consistent with TOP 2050 MU-NH land use designation. This PUD allows both horizontal and vertical mixed-use development in buildings of three and four stories. Buildings with direct Euclid Avenue frontage will contain ground-floor commercial uses and residential units directly above. All other buildings will contain residential units on all floor levels. A combination of garages, tandem spaces, carports, and surface parking spaces will be provided, with gated access limited to residents and residents' guests. Unrestricted access to surface-level parking will serve the commercial uses and provide additional resident guest parking spaces. Residents will enjoy a low-maintenance, urban lifestyle with conveniently located shopping, dining, and personal service businesses in combination with convenient access to established transportation routes and employment hubs.

Exhibit 3-1: Land Use/Zoning Map



3.2 Phasing and Building Out

Implementation of the land use plan and the build-out allowable under this PUD will be achieved through two redevelopment phases. Exhibit 3-2: Phase 1 Conceptual Site Plan illustrates the development plan for the initial phase.

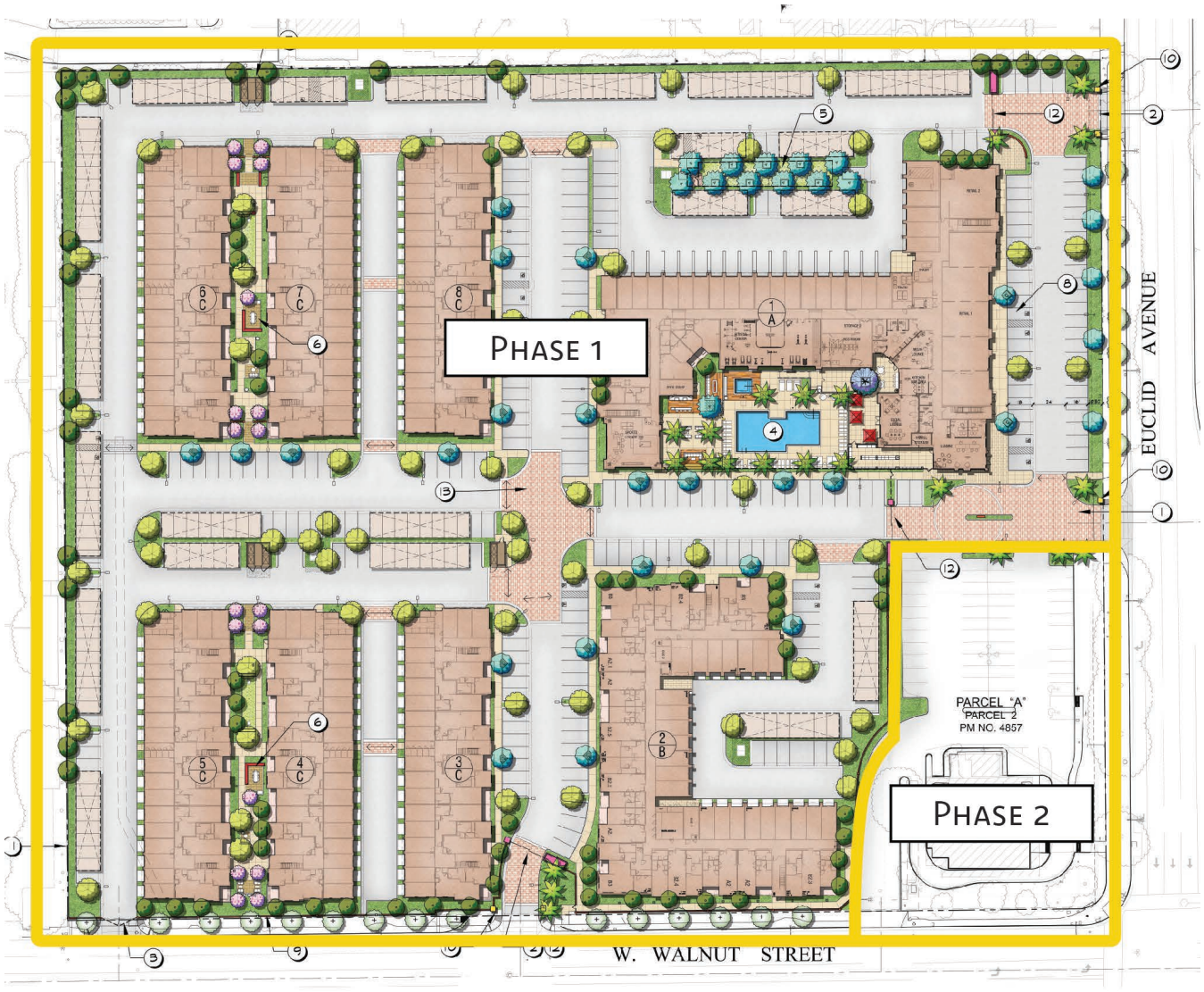
The first phase will retain the fast-food, drive-through restaurant use, occupying an approximately 4,100-square-foot building and its related site improvements. The remaining area within the boundaries of this PUD will be developed with two four-story buildings and six three-story buildings, providing a combined total of 346 dwelling units, 5,400 square feet of ground-floor commercial space, associated on-site parking areas for both residential and non-residential land uses, and landscaping and recreational amenities for residents[1].

The second phase will implement the full build-out of the PUD area with demolition of the restaurant and related site improvements; replacing them with an additional mixed-use, four-story building. Completion of the second phase will provide up to an additional 23 dwelling units and up to an additional 6,600 square feet of ground-floor commercial space, plus associated site improvements.

This PUD, inclusive of all development standards and requirements, applies to both phases. Ultimate build-out will result in a maximum of 369 dwelling units and approximately 12,000 square feet of commercial land uses.

1. Demolition of approximately 100,950 square feet of older commercial buildings will occur before project construction proceeds.

Exhibit 3-2: Phase 1 Conceptual Site Plan



3.3 Permitted Uses

Table 3-1: Permitted Uses lists the allowable land use, activity, or facility permitted within this PUD. A land use that is not listed shall be considered a prohibited land use unless otherwise allowed by the Zoning Administrator in accordance with the requirements and procedures outlined in the ODC. The land uses established in this table are consistent with those listed uses and land use definitions of the ODC. The ODC relies upon the North American Industry Classification System (NAICS) for non-residential land uses, utilizing the NAICS website definitions for each business establishment classification. The "Notes or ODC Regulations" column provides reference to the location of any specific regulations, operating conditions, and/or development standards applicable to the corresponding land use, activity, or facility; as well as exception to any standards or requirement as modified within this PUD. The "Permit Type" column symbols shall have the same meaning and utilize the same permit type, process, and approvals as contained in the ODC.

Table 3-1: Permitted Uses		
Land Uses, Activities, and Facilities	Permit Type "P" – Permitted by Right "C" – Conditional Use Permit "A" – Administrative Use Permit	Notes or ODC Regulations
Residential		
Accessory Dwelling Units	P	ODC Section 5.03.010
Animal Keeping (accessory) Household Pets - 4 or fewer pets	P	
Community Gardens (accessory)	A	ODC Section 5.03.410
Home Occupation (accessory)	A	ODC Section 5.03.240
Multiple-Family Dwellings	P	
Mixed Uses		
Residential Mixed-Use Developments	P	ODC Section 5.03.285
Non-Residential Uses – Limited to Ground Floor and Euclid Avenue Frontage		
Alcoholic Beverage Sales (off-premise)	C	ODC Section 5.03.025
Art Dealer	P	
Clothing, Shoes and Jewelry Store	P	
Consignment Shop	P	
Convenience Store	P	
Document Preparation Services	P	
Drycleaning and Laundry Services - Limited to Drop-off and Pick-up	P	Drive-thru prohibited
Electronics and Appliance Store	P	ODC Section 5.03.175
Finance and Insurance Services	P	Check Cashing, Advanced Payday, and Pawnshops prohibited

Table 3-1: Permitted Uses		
Land Uses, Activities, and Facilities	Permit Type "P" – Permitted by Right "C" – Conditional Use Permit "A" – Administrative Use Permit	Notes or ODC Regulations
Florist	P	
Furniture and Home Furnishings Store	P	ODC Section 5.03.210
General Merchandise Store	P	
Health and Personal Care Store	P	
Investigative and Security Services	P	
Office Administrative Support Services	P	
Office Supplies, Stationary and Gift Store	P	
Personal and Household Goods Repair	P	
Personal Care Services With Massage Services	P A	 ODC Section 5.03.270
Personal Fitness Training Studio	P	Limited to 10,000 sq. ft.
Pet Supply Store	P	Animal Sales prohibited
Pharmacies and Drug Store	P	Drive-thru prohibited
Police Storefront/Community Services	P	
Private Mail Centers and Postal Supply	P	
Professional and Technical Services	P	Limited to non-medical
Real Estate, Rental, and Leasing Services	P	
Restaurants, Fast Food With Drive-Thru	P P	 ODC Section 5.03.150
Restaurants, Limited Service With Alcoholic Beverage Sales With Live Entertainment	P C C	 ODC Section 5.03.025 ODC Section 5.03.257
Restaurants, Snack and Nonalcoholic Beverage Bar	P	
Specialty Food and/or Beverage Store With Alcoholic Beverage Sales	P C	 ODC Section 5.03.025
Sporting Goods, Hobby, Book, and Music Store	P	
Supermarket and Grocery Store	P	
Travel Arrangement Services	P	

4 Development Regulations

This section sets forth standards that govern the placement, height, and bulk of permitted buildings and other structures; establishes locational criteria for vehicular access to development sites; establishes parking and loading requirements; and specifies minimum requirements for recreational amenities for residential uses. Unless otherwise modified herein, development within this PUD shall comply with the ODC standards and requirements as may apply generally to Multiple-Family Dwellings and Commercial development, as determined appropriate by the Director. Table 4-1: Summary of Development Standards provides an at-a-glance reference to the regulations for the various standards, and is to be used in combination with the descriptions and specific criteria listed for each of the standards.

4.1 Intensity

The intensity of non-residential development shall not exceed a maximum 0.5 floor area ratio (FAR) based upon the net site area. The calculation shall be derived by dividing the gross square footage of the commercial space of the vertical mixed use buildings by the net site area. In determining FAR, this square footage should not include indoor common amenity space or other interior square footage serving the residential land uses.

4.2 Density

The density of residential development shall not exceed a maximum 40 dwelling units per acre based upon the net site area. In no case shall the total number of residential units exceed 369 units upon build-out of Phase 2.

4.3 Building Envelope

a. Non-residential land uses shall be on the ground-floor level of vertical mixed-use buildings.

b. Residential dwelling units may be located on any floor level.

c. The height of four-story buildings shall not exceed 60 feet. The height of three-story buildings shall not exceed 50 feet. Height shall be measured as specified in the ODC and is inclusive of architectural projections.

d. Any rooftop mechanical venting or communications equipment shall be built within or otherwise screened by the roof structure so that they do not project above parapets and are not visible from any public right of way, or neighboring building.

e. The location of vertical mixed-use buildings shall be limited to buildings with frontage along Euclid Avenue.

f. The building edge along Euclid Avenue may vary. It may occur a minimum of 10 feet behind the public right-of-way line or at a point that allows for up to two parking bays served by a drive aisle, up to a maximum building setback of 80 feet.

g. The building edge along Walnut Street shall provide a minimum setback of 10 feet.

h. Building setbacks shall be measured from the ultimate property lines or ultimate right-of-way width, whichever is greater.

i. Placement of buildings and structures shall conform with other specifications of Table 4-1: Summary of Development Standards.

j. Any yard areas provided between the buildings and the right-of-way may be finished with hardscape, including walls/ fences, or landscape.

4.4 Vehicle Access

Vehicular access from any public right-of-way shall be limited to two locations along Euclid Avenue and a maximum of three locations along Walnut Street, as approved by the City Engineer.



4.5 Parking Facilities, Supply, and Design

On-street parking on Euclid Avenue and Walnut Street adjacent to this PUD shall not be allowed.

a. Non-residential uses shall be provided with parking at a minimum ratio of one parking space per 250 gross square feet of building area. Such parking shall be located on site, and shall be accessible during operating hours of the businesses being served.

b. Residential uses shall be provided with parking at a minimum ratio of 1.2 parking spaces per bedroom in each dwelling unit, inclusive of providing guest or unassigned parking spaces. Resident parking shall be located on site, and may have access restricted by gated entrance. Resident parking for each dwelling unit or guests of that dwelling unit may be provided within a garage space, as a tandem space, within a carport, as surface level parking, or in combination. Tandem spaces are restricted to those directly in front of a garage door and shall be assigned to the same dwelling unit as the garage space.

c. A parking management plan shall be submitted for the Planning Director approval prior to the issuance of building permits. The plan shall address the assignment, distribution, and functionality of all parking spaces among the various uses, including the use of non-residential spaces providing overflow resident guest spaces when businesses are closed.

d. Parking spaces shall not obstruct access to building entrances, pedestrian paths, trash storage areas, or loading areas.

e. Parking space dimensions, drive aisles, etc. shall generally conform to the standards set forth in the ODC unless modified herein.

4.6 Residential Open Space and Common Amenities

Open space for the residential component shall be provided at a minimum ratio of 250 square feet per dwelling unit. Such space can be a combination of residential private open space and common amenities, subject to the following:

a. A minimum of 50 square feet of individual private open space, in the form of balcony or patio area directly accessible from the interior of each dwelling unit, shall be provided. Individual balcony or patio areas shall have a minimum dimension for length and width of five feet.

b. Common amenities shall be provided at the minimum ratio of 175 square feet per dwelling unit. This may include a combination of passive and active, indoor and outdoor spaces, roof-top or upper floor decks, as well as landscaped and hardscaped ground surfaces providing paseos between or adjacent to buildings. Up to 15 percent of the overall common amenity square footage may consist of indoor area and be grouped into a single building that is accessible to all residents. Such indoor area shall provide opportunities for fitness, lounge/gathering space, business/mail center, and similar amenities. The remaining common amenities provided shall be in the form of outdoor common areas consisting of both programmed and unprogrammed spaces. Programmed space may provide specific amenities: such as a dog park, seating/ conversational areas, outdoor cooking facilities with table seating areas, etc. Unprogrammed space may provide passive use such as landscaped paseos.

4.7 Service Facilities

Service areas and facilities shall comply with the following:

a. Loading and unloading in proximity to both the residential and non-residential uses shall be addressed as part of the parking management plan submitted to the Planning Director to ensure coordination of operational hours and occupancy/vacancy of parking areas.

b. Trash receptacles/recyclable container storage areas shall be provided for all residential and non-residential uses. Such receptacle/storage area may receive trash from commercial and residential sources. Locations, sizes, and design of such areas shall be readily accessible by trash disposal company equipment and work crews, as approved by the Planning and Public Works Directors, in consultation with the trash disposal vendor.

c. Individual storage units shall be provided for the occupants of each dwelling unit, exclusive of any closets in the units. The total amount of cubic feet provided shall average 150 cubic feet per dwelling unit.

4.8 Signs

A Master Sign Program shall be submitted for approval by the Planning Director prior to issuance of a building permit to provide design and standards applicable to both residential and non-residential land uses within this PUD. The program will include specific sign criteria for gated access points. All signs shall comply with standards in the ODC. Any signage within the Euclid Avenue Caltrans right-of-way will require Caltrans review and approval.

4.9 Landscape/Hardscape

a. A detailed plan shall be submitted with the Development Plan specifying all landscape and hardscape elements of the residential open space and common amenities, as well as the perimeter yards abutting the street rights-of-way and all street trees.

b. Water conservation shall be provided through low water using plant materials, hydro zones, water efficient irrigation and weather-based controllers as required by City codes. Landscaped areas may be used for storm water infiltration through vegetated swales, retention basins, or dry wells as needed with the use of appropriate planting materials.

c. The landscape design shall generally satisfy the requirements of the Landscape Development Standards outlined in the ODC and shall create well-functioning spaces within a sustainable design utilizing materials as provided in Table 5-1: Master Plant Palette.

d. Within parking areas, the following landscape areas and standards apply:

1. For each row of parking spaces located within the restricted access (gated) parking areas, planter islands of at least six feet in width that extend the full length of the abutting parking space shall be located at a minimum rate of every 15 spaces. This rate shall be increased to every 10 spaces for parking areas with unrestricted access and/or adjacent to Euclid Avenue.

2. Tree wells, tree diamonds, or center planter strips shall be provided to allow for the planting of shade trees at a minimum ratio of one tree for each five parking spaces. Tree wells shall not have a minimum dimension less than five feet.

3. All landscape planters within parking areas shall be delineated with a six-inch-wide curb regardless of parking space configuration. The use of a 12-inch-wide curb may be provided to allow for a "step area" in circumstances where there is increased frequency of passengers exiting or entering a vehicle.



4. Bordering the Euclid Avenue frontage, a minimum 10 foot in depth planter area shall be provided between the public right-of-way and a parking space oriented perpendicular to the right-of-way.
5. A minimum 20-foot deep planter area shall be provided at a driveway between any public right-of-way to the first parking space to allow for a minimum 20-foot drive aisle throat.

f. Street trees shall comply with the variety, size, and spacing as directed by the City of Ontario Master Street Tree Plan.

4.10 Fences and Walls

a. Fences and walls shall be an integral design or compatible with the building architecture and shall comply with the height and materials shown in Exhibit 5-6: Fence/Wall Concepts.

b. Fences and walls may be setback zero feet from property lines except where such fence or wall is required to comply with Engineering Corner Sight Distance Standards and other applicable standards.

c. Decorative walls, monuments, and/or other similar features shall not encroach into the public right-of-way.

4.11 Public Right-of-Way Improvements

As determined by the City Engineer, design and construction of any street improvements adjacent to the property frontage of Euclid Avenue and Walnut Street shall be conditioned and may include, but not be limited to, concrete curb and gutter, sidewalk, LED street lights, signing and striping, and parkway landscaping. Any improvements within the Euclid Avenue Caltrans right-of-way will require Caltrans review and approval.

4.12 Infrastructure

The parcels within the boundary of this PUD shall be served by existing water lines and wastewater flows and/or upgraded to satisfy the required capacities as determined by the City and its service purveyors/agencies, including the Fire Department.

On-site stormwater drainage facilities shall be provided consistent with the San Bernardino County Stormwater Program's Water Quality Management Plan (WQMP) requirements for new development projects. Stormwater capture and infiltration facilities may include the utilization of vegetated swales, depressed landscaped basins, pervious concrete pavement, and/or underground stormwater retention/infiltration vaults.

The parcels within the boundary of this PUD are considered a Priority Land Use (PLU). A PLU shall comply with the statewide Trash Provisions adopted by the State Water Resources Control Board (SWRCB) and trash requirements in the most current San Bernardino County Area-Wide MS4 Permit. Drainage from the PLU shall be designed with conveyance tributary to a Full Trash Capture System which has been approved by the SWRCB.

4.13 Summary of Development Standards

Table 4-1: Summary of Development Standards provides the quantitative development standards set forth in previous Sections 4.1 through 4.12 and any additional requirements for development within this PUD.

Table 4-1: Summary of Development Standards		
Development Standard	**Requirement**	**Notes**
Maximum Intensity - Floor Area Ratio	0.50 FAR	Gross building square footage of commercial space
Density Range - Minimum and Maximum	20.1 - 40	Up to a maximum of 369 dwelling units
Maximum Building Height by Number of Stories Four Stories Three Stories	 60 ft. 50 ft.	Inclusive of architectural projections and equipment screening
Building Setbacks - From Right-of-Way	10 ft. minimum	
Setbacks - Interior Property Line Buildings Adjacent to Residential Buildings Adjacent to Non-Residential Carport or Trash Enclosure	 50 ft. minimum 5 ft. minimum 5 ft. minimum	
Building Separation Building to Building Building to Drive Aisle or Parking Areas Building to Carport Patio to Patio	 25 ft. minimum 5 ft. minimum 25 ft. minimum 15 ft. minimum	 Individual driveway depth limited to 5 ft. or less, or 18 ft. or more
Minimum Number of Parking Spaces Ratio for Residential Uses Ratio for Non-Residential Uses	 1.2 spaces/bedroom 1 space/250 sq. ft.	 Inclusive of guest spaces
Residential Open Space and Common Amenities - Combined Minimum Ratio Minimum Private Open Space Ratio Minimum Common Amenity Ratio	 250 sq. ft./du 50 sq. ft./du 175 sq. ft./du	 5 ft. minimum width and length 15% maximum indoor
Residential Storage Units	150 cubic feet/du minimum	Does not include closets or cabinets interior to the unit

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5 Design Criteria

New development implemented under this PUD will generate new uses and design aesthetics in a way that fulfills many of the design goals and policies discussed previously in Chapter 2. The Community Design Element in TOP 2050 outlines specific "Place Types"; this PUD is categorized under Place Type 8e, which is considered "Neighborhood Center – Infill" type development, where the commercial and residential parcels were largely developed in an incremental manner prior to 2020. Redevelopment could result in either horizontal or vertical mixed use and are envisioned to incorporate site design that prioritizes safe, attractive, and well-shaded pedestrian access from the public rights-of-way and adjacent neighborhoods.

The parcels within this PUD site do not contain significant buildings, structures, or locations subject to historic preservation. While the first phase of development retains an existing fast-food restaurant structure, this building is not considered historic. The new infill development will include architecture that creates a dynamic visual environment and increases the pedestrian experience. The design criteria for the buildings provide articulation, dynamic materials and colors, and avoid bulky and monotonous elevations. Street trees and landscaped street-facing setback areas will provide opportunities to frame the street, create a pleasant pedestrian pathway, and minimize the building bulk from the public right-of-way.

The following sections provide guidance to City staff and private developers in the design of buildings, yards, and streets. Variations from strict interpretation of the standards are permitted, provided that the integrity of the urban design is not compromised. The following criteria shall be incorporated into the Development Plan for each phase of this PUD, subject to final interpretation by the Planning Commission.

5.1 Building Orientation

a. Buildings along Euclid Avenue shall provide storefronts that invite pedestrian activity.

b. Architectural focal treatments such as taller elements, textured surfaces, and unique fenestration shall be provided on frontage facing public streets.

c. Buildings located at the street corner shall be designed to incorporate architectural features that respond to the corner location by having directed entries and/or tower elements.

d. Multiple shop entrances and display windows with clear glazing, shall be provided along Euclid Avenue facades.

5.2 Access and Parking Facilities

a. Vehicular access and on-site parking shall be designed to reduce visual impact along Euclid Avenue and Walnut Street.

b. On-site parking facilities serving non-residential uses shall be readily accessible, screened, and separated from the public right-of-way views with landscaping, including shade trees.

c. On-site parking facilities serving residential uses may be located behind gated ingress/egress points. Gate access points from Euclid Avenue shall be set back to allow stacking of at least two vehicles, with sufficient space configured to allow a vehicle to turn around without backing into the street. The primary entry gate serving residential uses shall be designed to be easily recognizable to visitors.

d. Carports and individual garage entries shall be designed to be compatible with the building architecture and use similar colors, materials, and details.

5.3 Service Facilities

a. Service, loading and, storage facilities shall be located away from public streets, outdoor spaces, and adjacent residential uses.

b. Electrical equipment shall be located on the interior of a building. When interior locations are not practical, electrical equipment shall be enclosed and screened from public streets with walls, fencing, and/or landscaping that allows for sufficient ventilation, or buried in vaults.

c. Service areas shall be screened and gated.

d. All types of loading doors within view of public streets shall be screened with walls, berms, or plant materials.

5.4 Pedestrian Linkages

a. Pedestrian pathways shall be designed and located for clear and comfortable on-site pedestrian circulation. Sidewalks and pedestrian paths shall provide convenient connections between storefronts, outdoor spaces, and parking, as well as portals to adjacent residential uses.

b. Landscape paseos shall be used to reinforce pedestrian connections. For instance, attractive paving and planting design may identify and highlight these connections by establishing a visual separation between vehicular and pedestrian routes and provide passive open space opportunities for residents.

5.5 Architectural Character

a. The architectural character shall reflect the various styles within the City and along Euclid Avenue and shall fit in contextually without matching. The use of complementing proportions, building details, and building materials shall be employed.

b. Compatibility between the vertical and horizontal mixed-use architecture shall be achieved through the use of unifying elements such as similar materials and colors.

c. A schematic illustration of acceptable architectural character is shown in Exhibit 5.1: Architectural Character – Vertical Mixed-Use, Exhibit 5-2: Architectural Character – Three Story Residential, and Exhibit 5-3: – Four Story Residential.

5.6 Massing & Scale

a. Simple, yet varied massing shall be used, with wall openings that create shadow line and provide visual relief.

b. Massing and height of corner elements shall be emphasized by using strong and identifiable building forms such as taller building mass, tower element, or cupola.

c. Building increments shall employ various architectural devices such as changes in colors/finish material, horizontal breaks and offsets, upper building portion reflecting the same increment of articulation as the ground level, and use of trim and moldings at the top of facades that reflect the vertical massing of the building.

d. Where buildings will be of varying heights, they shall be designed to promote transition in massing and avoid abrupt changes in scale within the development.

5.7 Articulation & Fenestration

a. Buildings shall have three-dimensional qualities.

b. The base and upper levels of a vertical mixed use building shall be differentiated with features for storefronts such as a bulkhead, display windows, and/or transom and detailed trim.

c. Buildings shall be articulated on all sides. Fenestration, changes in wall plane, material, texture, color, etc. shall be used to create shadow lines and articulate building walls.

d. Highly visible public entrances shall be provided where buildings are oriented towards Euclid Avenue to provide individual shop entrances featuring recesses, overhangs, special materials, and/or detailing.

Exhibit 5-1: Architectural Character — Vertical Mixed-Use





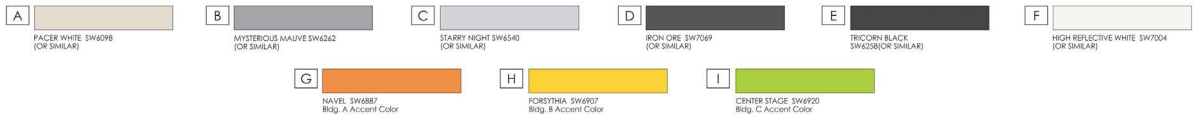




Exhibit 5-2: Architectural Character — Three-Story Residential



Exhibit 5-3: Architectural Character — Four-Story Residential



5.8 Architectural Details

a. Architectural details shall be used to enhance a building's appearance at the base, eaves, parapets, and around entries and windows.

b. Human-scaled details such as canopies and awnings, transparent windows and window displays shall be provided facing Euclid Avenue.

c. Architectural features and details shall be an integral part of the building without an appearance of being "tacked on."

5.9 Storefronts

a. Storefronts for each commercial establishment shall have a unifying architectural aesthetic, but may include alteration of exterior treatments on the individual frontage of the space where such modifications compliment the overall design quality of the development.

b. Storefronts shall incorporate desirable building materials such as brick, stone, tile, exterior cement plaster, or fiber cement siding.

c. Storefront glazing shall be clear glass to permit clear views into the interior space. The amount of such glass shall provide a balance between high visibility into the store interior and architectural quality.

d. Entrance doors shall be of a traditional style and as transparent as possible.

5.10 Material & Colors

a. Materials shall be those of permanence and quality and that unify a building's appearance on all sides.

b. Materials and colors shall accentuate the architectural details of the building and promote visual harmony.

c. To create visual interest, at least three different building materials shall be used.

5.11 Roof/Rooftop Equipment

a. At least one break in roof plane shall be provided on each building

b. Rooftop equipment, including ladders and antenna devices, shall be screened so as not to be visible from streets and adjacent buildings. Methods of rooftop screening should be integral to the building's form.

5.12 Non-Residential Outdoor Dining Areas

Outdoor dining areas adjacent to a ground-level eating or drinking establishment shall be oriented toward Euclid Avenue.

5.13 Residential Outdoor Space, Common Recreational Amenities

a. Private balcony and/or patio enclosures shall consist of materials that are complementary to materials and colors used on the building elevations. Each balcony shall be oriented or enclosed sufficiently to increase privacy between balconies of adjacent units.

b. Common outdoor spaces providing passive recreation shall include either shade elements and/or trees providing shade canopy.

c. Indoor recreation/fitness/community facilities shall be of the same architectural style and materials that match or complement the primary building architecture with a layout as shown in Exhibit 5-4: Typical Common Recreational Amenity.

d. Outdoor seating, tables and umbrellas, gazebos, barbecues, natural or artificial lawn area, and/or other place-making features that are provided shall be compatible with the architectural style of the buildings with a layout as shown in Exhibit 5-5: Typical Courtyard.

Exhibit 5-4: Typical Common Recreational Amenity

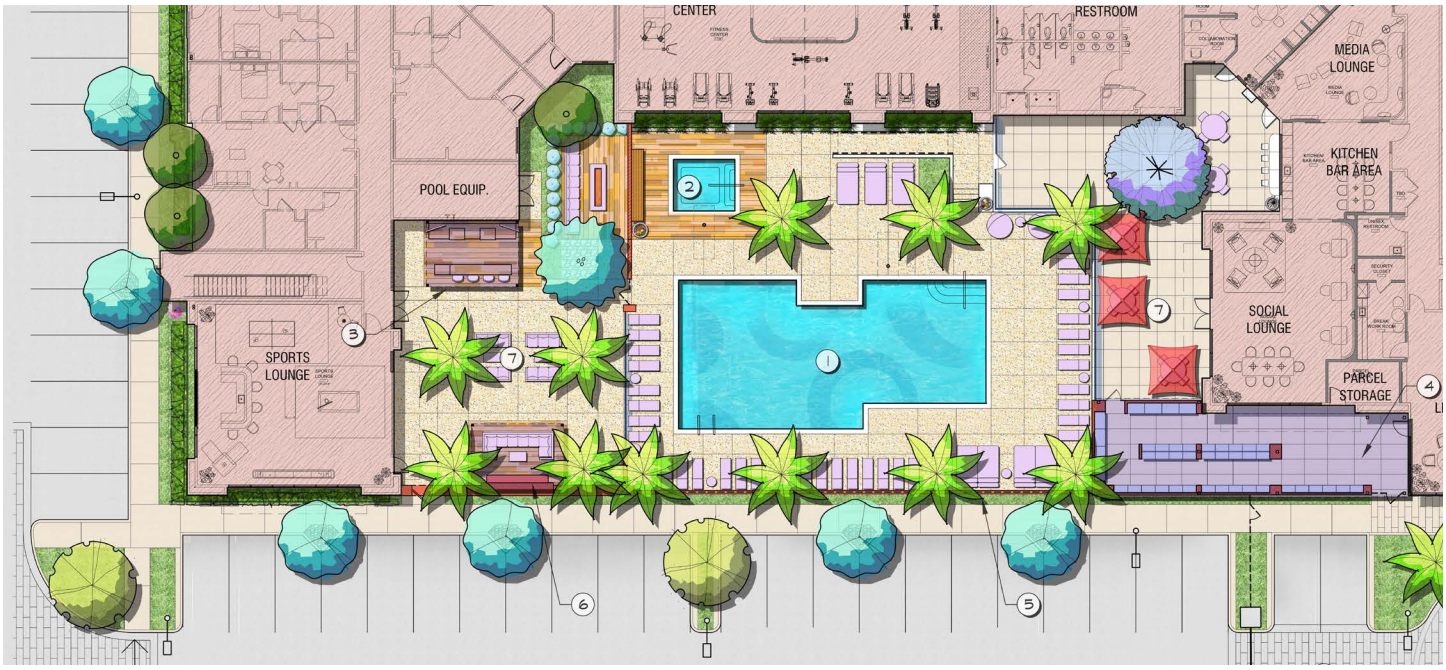
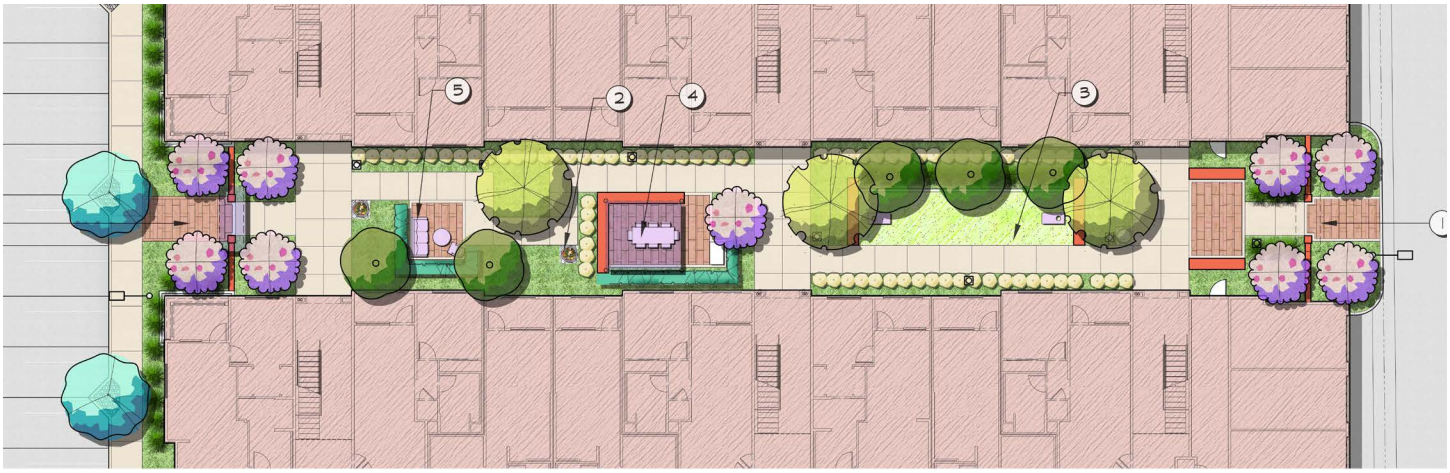


Exhibit 5-5: Typical Courtyard



5.14 Landscape / Hardscape Elements

a. Landscaping elements shall contribute and complement the aesthetic quality and character of the public and private spaces.

b. Table 5-1: Master Plant Palette shall guide the selection of materials for street trees, perimeter trees and shrubs, courtyard and common area trees, vines, screening and hedge plants, and groundcover.

c. Landscaping shall be provided to define and enrich courtyards and walkways and shall include specimen trees of minimum size 24 inch box.

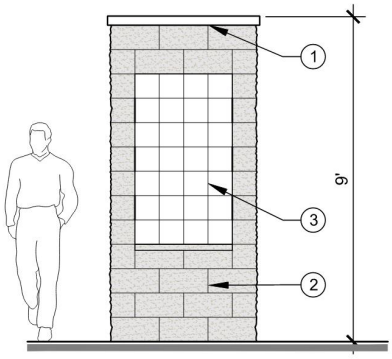
d. Hardscaping shall be composed of decorative paving materials and patterns, rather than a single, continuous surface.

e. Fences/walls shall complement the building materials similar to those depicted in Exhibit 5-6: Fence/Wall Concepts.

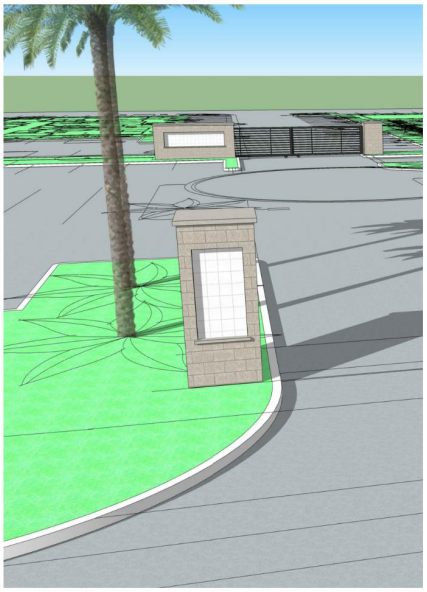
Table 5-1: Master Plant Palette		
Botanical Name	Common Name	Minimum Size
Street Trees		
Grevillea robusta	Silk Oak (Euclid)	24" Box
Platanus wrightii	Arizona Sycamore	
Site Trees and Palms		
Quercus agrifolia	Coast Live Oak	48" Box
Platanus racemosa	California Sycamore	
Ulmus parvifolia 'True Green'	Evergreen Elm	
Koelreuteria paniculata	Golden Rain Tree	36" Box
Lagerstroemia hybrids 'Muskogee'	Crape Myrtle (Lavender)	
Chilopsis linearis	Desert Willow	
Aloe bainesii	Tree Aloe	24" Box
Arbutus 'Marina'	Strawberry Tree	
Cercis occidentalis	Western Redbud	
Platanus acerifolia 'Bloodgood'	London Plane Tree (anthracnose res.)	
Podocarpus gracilior	Fern Pine	
Quercus wislizeni	Interior Live Oak	
Tristania conferta	Brisbane Box	
Phoenix dactylifera	Date Palm	16' Brown Trunk Height

Table 5-1: Master Plant Palette		
Botanical Name	Common Name	Minimum Size
Shrubs		
Agave 'Blue Flame'	Blue Flame Agave	5 Gallon
Agave desmettiana ' Variegata'	Variegated Dwarf Century Plant	
Alyogne huegelii 'MONleon'	Leon's Purple Delight Lilac Hibiscus	
Arbutus unedo 'Elfin King'	Elfin King Strawberry King	
Buxus microphylla japonica	Japanese Boxwood	1 Gallon
Calandrinia spectabilis	Rock Purslane	
Carex tumulicola	Foothill Sedge	
Carissa grandiflora 'Green Carpet'	Natal Plum	
Dianella revoluta 'DR5000'	Little Rev Flax Lily	
Dianella tasmanica 'Silver Streak'	Silver Streak Flax Lily	
Ilex crenata 'Sky Pencil'	Sky Pencil Ilex	5 Gallon
Juniperus scopulorum 'Skyrocket'	Skyrocket Juniper	
Lantana montevedensis 'Monma'	White Lightin' Lantana	1 Gallon
Ligustrum japonicum 'Texanum'	Wax Leaf Privet	5 Gallon
Lomandra longifolia 'LM300'	Breeze Dwarf Mat Rush	
Muhlenbergia capillaris 'Regal Mist'	Regal Mist Muhly	
Myoporum parvifolium	No Common Name	1 Gallon
Philodendron x 'Xanadu'	Dwarf Philodendron	5 Gallon
Pittosporum tobira	Tobira	
Podocarpus elongatus 'Monmal'	Icee Blue Yellow-Wood	
Prunus caroliniana 'Bright n' Tight'	Carolina Cherry	
Rhaphiolepis indica 'Clara'	Dwarf Indian Hawthorne	
Rhaphiolepis x. 'Montic'	Majestic Beauty Indian Hawthorne	
Rosa 'Flower Carpet var. Noatraum'	Pink Carpet Rose	2 Gallon
Rosa f. 'Ice Berg'	White Shrub Rose	5 Gallon
Trachelospermum asiaticum	Asian Jasmine	1 Gallon
Vines and Espaliers		
Clytostoma callistegioides	Violet Trumpet Vine	5 Gallon
Distictus buccinatoria	Blood Red Trumpet Vine	
Ficus pumila (repens)	Creeping Fig	1 Gallon
Parthenocissus tricuspidata	Boston Ivy	

Exhibit 5-6: Fence/Wall Concepts

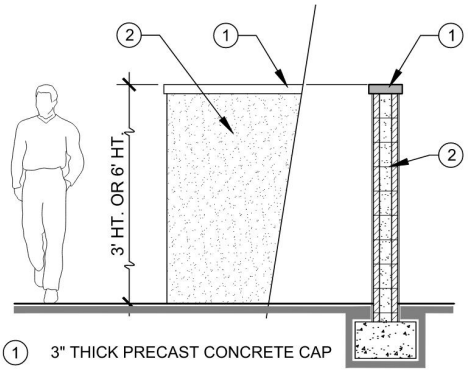


1. 3" THICK PRECAST CONCRETE CAP
2. 8x8x16 BURNISHED CMU WALL
   COLOR: TAN
3. PROJECT SIGN TILE INSET



4' SQ. PILASTER

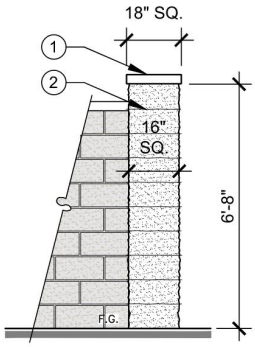
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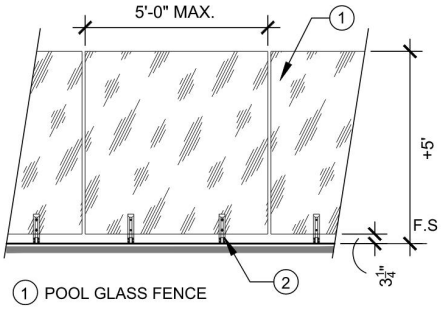
1. 3" THICK PRECAST CONCRETE CAP
2. 8" CMU BLOCK WALL W/ STUCCO FINISH
   COLOR: WHITE

3' HT. OR 6' HT. STUCCO WALL

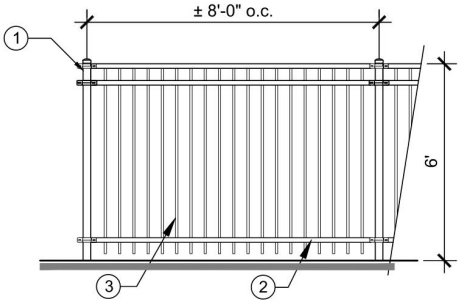
SCALE: N.T.S.



1. 3" THICK PRECAST
   CONCRETE CAP
2. 6x16x16 SPLIT FACE COLUMN BLOCK
   COLOR: TAN



1. POOL GLASS FENCE
2. DAYTON RICHMOND DOWEL SPLICER SYSTEM



1. 2" SQ. FENCE POST
2. 2" SQ. TOP AND BOTTOM RAIL
3. 5/8" SQ. PICKETS @ 4" O.C. MAX.
   FENCE COLOR: BLACK

16" SQ. PILASTER

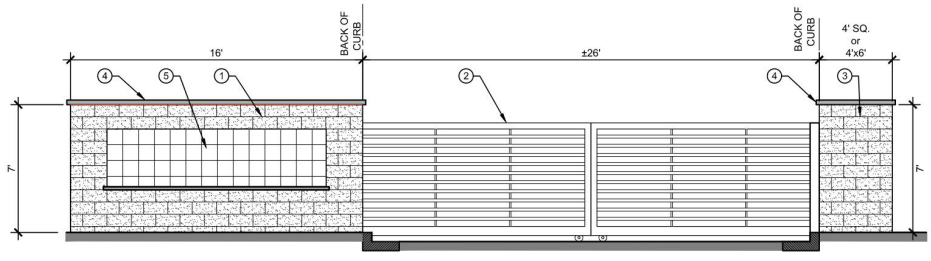
SCALE: N.T.S.

GLASS FENCE

SCALE: N.T.S.

TUBULAR STEEL FENCE

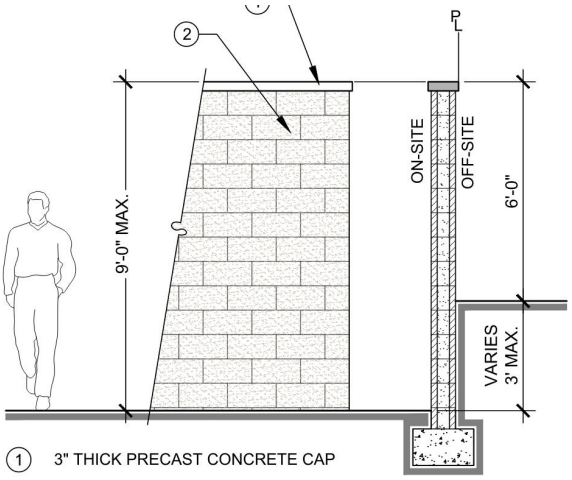
SCALE: N.T.S.



1. BURNISHED BLOCK SIGN WALL, COLOR: TAN
2. SLIDING T.S. VEHICULAR GATE, COLOR: BLACK
3. BURNISHED BLOCK PILASTER, COLOR: TAN
4. 3" THICK PRECAST CAP, COLOR: NATURAL
5. PROJECT SIGN AREA W/ TILE BACKDROP



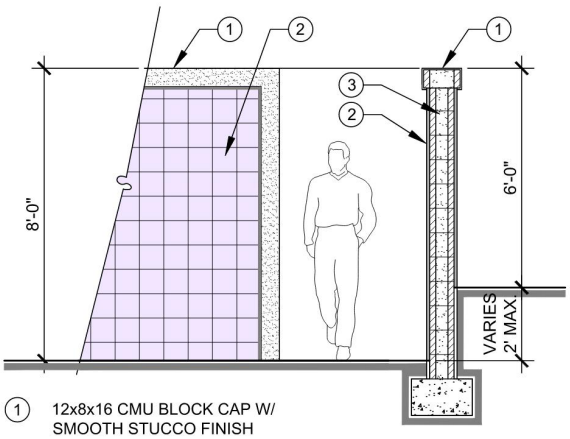
ENTRY GATE



1. 3" THICK PRECAST CONCRETE CAP
2. 8x8x16 SPLIT FACE (2-SIDES) CMU WALL
   COLOR: TAN

PERIMTER WALL

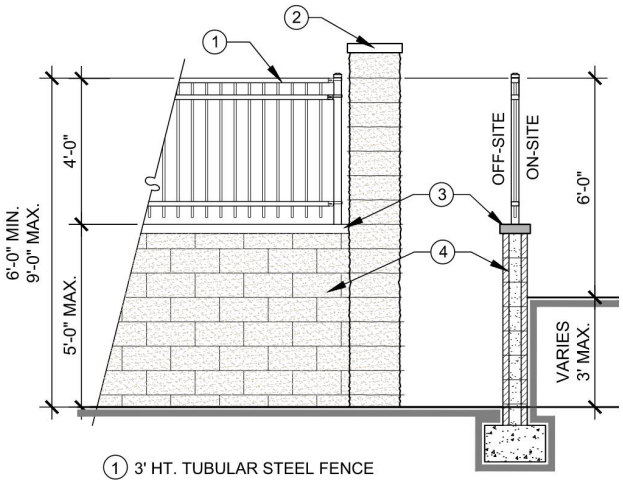
SCALE: N.T.S.



1. 12x8x16 CMU BLOCK CAP W/
   SMOOTH STUCCO FINISH
2. DECORATIVE TILE VENEER
   8" SQ. CEMENTINE TILE
3. 8x8x16 CMU BLOCK WALL W/
   SMOOTH STUCCO FINISH
   COLOR: WHITE

DECORATIVE STUCCO WALL

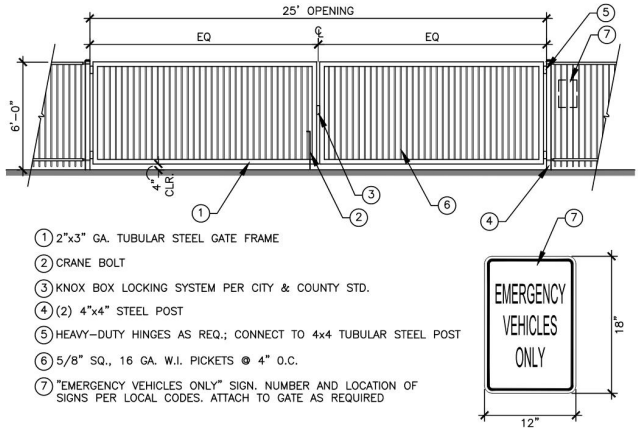
SCALE: N.T.S.



1. 3' HT. TUBULAR STEEL FENCE
2. 8X8X16 SPLIT FACE PILASTER
   COLOR: TAN
3. 3" THICK PRECAST CONCRETE CAP
4. 6X8X16 SPLIT FACE CMU WALL
   COLOR: TAN

SPLIT FACE COMBO WALL

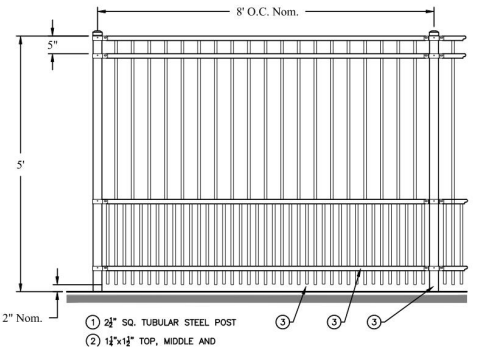
SCALE: N.T.S.



1. 2"x3" GA. TUBULAR STEEL GATE FRAME
2. CRANE BOLT
3. KNOX BOX LOCKING SYSTEM PER CITY & COUNTY STD.
4. (2) 4"x4" STEEL POST
5. HEAVY-DUTY HINGES AS REQ.; CONNECT TO 4x4 TUBULAR STEEL POST
6. 5/8" SQ., 16 GA. W.I. PICKETS @ 4" O.C.
7. "EMERGENCY VEHICLES ONLY" SIGN. NUMBER AND LOCATION OF SIGNS PER LOCAL CODES. ATTACH TO GATE AS REQUIRED

EVA GATE

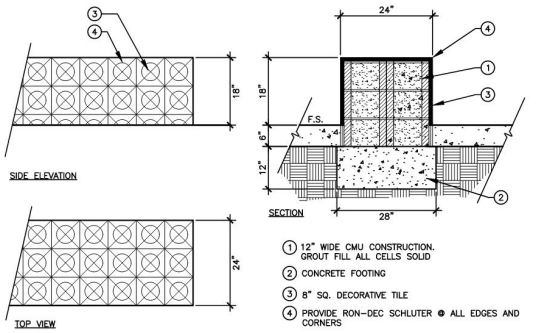
SCALE: N.T.S.



1. 2½" SQ. TUBULAR STEEL POST
2. 1½"x1½" TOP, MIDDLE AND

DOG PARK FENCE

SCALE: N.T.S.



1. 12" WIDE CMU CONSTRUCTION.
   GROUT FILL ALL CELLS SOLID
2. CONCRETE FOOTING
3. 8" SQ. DECORATIVE TILE
4. PROVIDE RON-DEC SCHLUTER @ ALL EDGES AND CORNERS

18" HT. DECORATIVE SEAT WALL

SCALE: N.T.S.

6 Administration

6.1 Items Not Addressed in PUD

Any terms not defined herein and any issues affecting the design and development of the subject project area not specifically addressed in this PUD shall be governed by the provisions of the ODC.

6.2 Development Plan and Other Applications

A Development Plan shall be submitted for each phase of this PUD for approval by the Development Advisory Board and the Ontario Planning Commission, pursuant to the requirements and procedures outlined in the ODC.

To ensure proper implementation of the EA Overlay district, an application for a Certificate of Appropriateness shall be submitted in conjunction with the Development Plan required for each phase of this PUD, pursuant to all requirements and procedures outlined in the ODC.

Lot line adjustments or the combining of parcels within this PUD shall comply with all requirements and procedures outlined in the ODC. Such actions may be conditioned for compliance as part of the Development Plan approval process.

6.3 Administrative Exceptions

Deviation from the development standards set forth in this PUD may be granted up to a maximum of 10 percent by the Zoning Administrator. Any deviation that is greater than 10 percent shall require Variance approval pursuant to the requirements and procedures outlined in the ODC.

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LAND DEVELOPMENT DIVISION CONDITIONS OF APPROVAL

CITY OF ONTARIO PLANNING DEPARTMENT
303 East B Street, Ontario, California 91764 Phone: 909.395.2036 / Fax: 909.395.2420

Date Prepared: 7/11/2023 Revised: 8/21/2023

File No: PUD22-004

Related Files: PDEV22-027 and PHP22-015

Project Description: A Planned Unit Development (File No. PUD22-004) to establish development standards and design guidelines for the overall 10.6-acre Project site, in conjunction with a Development Plan (File No. PDEV22-027) to construct 346 apartment units and 5,400 square feet of commercial space on 9.4 acres of the Project site and a Certificate of Appropriateness (File No. PHP22-015) to determine whether the Project site is an historic resource. The Project site is located at the northwest corner of Euclid Avenue and Walnut Avenue, within the Mixed Use – Neighborhood Hub 8e – Euclid and Walnut (MU-NH 8e) zoning district; (APNs: 1051-271-67, 1051-271-06, and 1051-271-66); **submitted by Legacy/Collier Residential LLC.**

Prepared By: Alexis Vaughn, Associate Planner
Phone: 909.395.2416 (direct)
Email: avaughn@ontarioca.gov

The Planning Department, Land Development Section, conditions of approval applicable to the above-described Project are listed below. The Project shall comply with each condition of approval:

1.0 Standard Conditions of Approval. The Project shall comply with the *Standard Conditions for New Development*, adopted by City Council Resolution No. 2017-027 on April 18, 2017. A copy of the *Standard Conditions for New Development* may be obtained from the Planning Department or City Clerk/Records Management Department.

2.0 Special Conditions of Approval. In addition to the *Standard Conditions for New Development* identified in condition no. 1.0, above, the Project shall comply with the following special conditions of approval:

2.1 Planned Unit Development. The final City Council approval date and ordinance number shall be added to the title page (the October and May dates shall be removed) and the following items submitted to the Planning Department within 30 days following City Council approval of the Planned Unit Development:

(a) Two copies of the final Euclid Walnut Planned Unit Development document – color, double-sided, and bound; and

(b) One CD or flash drive containing a complete copy of the final Planned Unit Development document in Microsoft Word and/or its original and accessible file format, such as InDesign, and a complete PDF copy of the final document, optimized for the web.

2.2 Signs.

(a) All Project signage shall comply with the requirements of Ontario Development Code Division 8.1 (Sign Regulations).

(b) On-site posting of large public notification signs was required for this Project, pursuant to Code Section 2.03.010.C.4, which consists of one or more large, 6-foot-tall, freestanding public notification signs. The signs, which were posted no later than ten calendar days prior to the Planning Commission hearing date, shall be removed no later than fourteen calendar days following the City Council hearing date, unless an extension is required by the Planning Director.

(c) Per the provisions of the Planned Unit Development, a Sign Program shall be submitted for review and approval prior to issuance of building permits for the Project site.

2.3 Sound Attenuation. The Project shall be constructed and operated in a manner so as not to exceed the maximum interior and exterior noise levels set forth in Ontario Municipal Code Title 5 (Public Welfare, Morals, and Conduct), Chapter 29 (Noise).

2.4 Covenants and Lease Agreement Terms.

(a) A current covenant shall be recorded for the properties (generally, Phase 1 and Phase 2 of the Project site, as described in the Euclid Walnut Planned Unit Development) that provides for reciprocal access between the two properties.

(b) A parking management plan and any lease agreement/terms shall be submitted to the City for review and approval, prior to issuance of a building permit for the Project. The lease agreement/terms shall include, but not be limited to, the following:

(i) Clauses prohibiting public nuisances, including but not limited to, excessive noise, parking of vehicles on driveways to garages that are less than 18 feet in length, excessive storage of personal items on balconies, and the hanging of personal items over balcony railings (such as clothes lines, towels, etc.); and

(ii) Personal property storage shall not preclude the intended number of vehicles from being parked within the garage. Carports shall not be used for personal property storage but solely vehicle parking.

2.5 Disclosure Statements.

(a) The following information shall be provided to each prospective renter of the residential units:

(i) This site is subject to noise from the Ontario International Airport and may be more severely impacted in the future.

(ii) Some of the property adjacent to this site is zoned for agricultural uses and there could be fly, odor, or related problems due to the proximity of animals.

(iii) The area south of Riverside Drive lies within the San Bernardino County Agricultural Preserve. Dairies currently existing in that area are likely to remain for the foreseeable future.

2.6 Indemnification. The applicant shall agree to defend, indemnify and hold harmless, the City of Ontario or its agents, officers, and employees from any claim, action or proceeding against the City of Ontario or its agents, officers or employees to attack, set aside, void or annul any approval of the City of Ontario, whether by its City Council, Planning Commission or other authorized board or officer. The City of Ontario shall promptly notify the applicant of any such claim, action or proceeding, and the City of Ontario shall cooperate fully in the defense.

2.7 Additional Fees.

(a) Within 5 days following final application approval, the Notice of Determination ("NOD") filing fee shall be provided to the Planning Department. The fee shall be paid by check, made payable to the "Clerk of the Board of Supervisors", which shall be forwarded to the San Bernardino County Clerk of the Board of Supervisors, along with all applicable environmental forms/notices, pursuant to the requirements of the California Environmental Quality Act ("CEQA"). Failure to provide said fee within the time specified will result in the extension of the statute of limitations for the filing of a CEQA lawsuit from 30 days to 180 days.

2.8 Related Applications. Planned Unit Development (File No. PUD22-004) approval shall not be final and complete until such time that related File Nos. PHP22-015 and PDEV22-027 have been approved by the Planning Commission. A Lot Line Adjustment/Lot Merger is also required to be approved prior to issuance of Building Permits, pursuant to Engineering Department conditions of approval.

2.9 Additional Requirements.

(a) In-line tenant spaces shall contain a high-quality food service establishment.

ENGINEERING DEPARTMENT
CONDITIONS OF APPROVAL

(Land Development Division, Environmental Section, Traffic & Transportation Division, Ontario Municipal Utilities Company and Broadband Operations & Investment and Revenue Resources Department Conditions incorporated)

☒ DEVELOPMENT PLAN ☐ OTHER	☐ PARCEL MAP ☐ TRACT MAP ☐ FOR CONDOMINIUM PURPOSES
PROJECT FILE NO. PDEV22-027 **RELATED FILE NO(S). PUD-22-004**	
☐ ORIGINAL ☒ **REVISED: 8/7/2023**	

CITY PROJECT ENGINEER & PHONE NO:	**Angela Truong**	**(909) 395-2134**
CITY PROJECT PLANNER & PHONE NO:	**Alexis Vaughn**	**(909) 395-2416**
DAB MEETING DATE:	**August 7th, 2023**	
PROJECT NAME / DESCRIPTION:	**PDEV22-027, a Development Plan to construct a mixed use development consisting of 346 multiple-family dwellings with 6,000 square feet of commercial retail space on approximately 10.63 acres of land within the CC zoning district.**	
LOCATION:	**Northwest Corner of Euclid Avenue and Walnut Street**	
APPLICANT:	**Legacy/Collier Residential LLC**	
REVIEWED BY:	Raymond Lee **Raymond Lee, P.E.** **Assistant City Engineer**	8/7/23. **Date**
APPROVED BY:	**Khoi Do, P.E.** **City Engineer**	8-7-23 **Date**

THIS PROJECT SHALL COMPLY WITH THE REQUIREMENTS SET FORTH IN THE GENERAL STANDARD CONDITIONS OF APPROVAL ADOPTED BY THE CITY COUNCIL (RESOLUTION NO. 2017-027) AND THE PROJECT SPECIFIC CONDITIONS OF APPROVAL SPECIFIED HEREIN. ONLY APPLICABLE CONDITIONS OF APPROVAL ARE CHECKED. THE APPLICANT SHALL BE RESPONSIBLE FOR THE COMPLETION OF ALL APPLICABLE CONDITIONS OF APPROVAL PRIOR TO FINAL MAP OR PARCEL MAP APPROVAL, ISSUANCE OF PERMITS AND/OR OCCUPANCY CLEARANCE, AS SPECIFIED IN THIS REPORT.

1. PRIOR TO FINAL MAP OR PARCEL MAP APPROVAL, APPLICANT SHALL:

			Check When Complete
☐	1.01	Dedicate to the City of Ontario, the right-of-way, described below: _____ feet on _____ Property line corner 'cut-back' required at the intersection of _____ and _____.	☐
☐	1.02	Dedicate to the City of Ontario, the following easement(s): _____ _____	☐
☐	1.03	Restrict vehicular access to the site as follows: _____	☐
☐	1.04	Vacate the following street(s) and/or easement(s): A. All interfering on-site easements shall be quitclaimed, vacated, and/or submit non-interference letter from affected owner/utility company.	☐
☐	1.05	Submit a copy of a recorded private reciprocal use agreement or easement. The agreement or easement shall ensure, at a minimum, common ingress and egress and joint maintenance of all common access areas and drive aisles.	☐
☐	1.06	Provide (original document) Covenants, Conditions and Restrictions (CC&Rs) as applicable to the project and as approved by the City Attorney and the Engineering and Planning Departments, ready for recordation with the County of San Bernardino. The CC&Rs shall provide for, but not be limited to, common ingress and egress, joint maintenance responsibility for all common access improvements, common facilities, parking areas, utilities, median and landscaping improvements and drive approaches, in addition to maintenance requirements established in the Water Quality Management Plan (WQMP), as applicable to the project. The CC&Rs shall also address the maintenance and repair responsibility for public improvements/utilities (sewer, water, storm drain, recycled water, etc.) located within open space/easements. In the event of any maintenance or repair of these facilities, the City shall only restore disturbed areas to current City Standards.	☐
☐	1.07	For all development occurring south of the Pomona Freeway (60-Freeway) and within the specified boundary limits (per Boundary Map found at http://tceplumeclfeanup.com/), the property developer/owner is made aware of the South Archibald Trichloroethylene (TCE) Plume "Disclosure Letter". Property owner may wish to provide this Letter as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq. This may include notifications in the Covenants, Conditions and Restrictions (CC&Rs) or other documents related to property transfer and disclosures. Additional information on the plume is available from the Santa Ana Regional Water Quality Control Board at http://geotracker.waterboards.ca.gov/profile_report?global_id=T10000004658.	☐
☐	1.08	File an application for Reapportionment of Assessment, together with payment of a reapportionment processing fee, for each existing assessment district listed below. Contact the Financial Services Department at (909) 395-2124 regarding this requirement. (1) _____ (2) _____	☐
☐	1.09	Prepare a fully executed Subdivision Agreement (on City approved format and forms) with accompanying security as required, or complete all public improvements.	☐

☐ 1.10 Provide a monument bond (i.e. cash deposit) in an amount calculated by the City's approved cost estimate spreadsheet (available for download on the City's website: www.ontarioca.gov) or as specified in writing by the applicant's Registered Engineer or Licensed Land Surveyor of Record and approved by the City Engineer, whichever is greater. ☐

☐ 1.11 Provide a preliminary title report current to within 30 days. ☐

☐ 1.12 File an application, together with an initial deposit (if required), to establish a Community Facilities District (CFD) pursuant to the Mello-Roos Community Facilities District Act of 1982. The application and fee shall be submitted a minimum of four (4) months prior to final subdivision map approval, and the CFD shall be established prior to final subdivision map approval or issuance of building permits, whichever occurs first. The CFD shall be established upon the subject property to provide funding for various City services. An annual special tax shall be levied upon each parcel or lot in an amount to be determined. The special tax will be collected along with annual property taxes. The City shall be the sole lead agency in the formation of any CFD. Contact Investment and Revenue Resources at (909) 395-2341 to initiate the CFD application process. ☐

☐ 1.13 Ontario Ranch Developments: ☐

☐ 1) Provide evidence of final cancellation of Williamson Act contracts associated with this tract, prior to approval of any final subdivision map. Cancellation of contracts shall have been approved by the City Council.

☐ 2) Provide evidence of sufficient storm water capacity availability equivalents (Certificate of Storm Water Treatment Equivalents).

☐ 3) Provide evidence of sufficient water availability equivalents (Certificate of Net MDD Availability).

☐ 1.14 Other conditions: _____ ☐

2. PRIOR TO ISSUANCE OF ANY PERMITS, APPLICANT SHALL:

A. GENERAL
(Permits includes Grading, Building, Demolition and Encroachment)

☐ 2.01 Record Parcel Map/Tract Map No. _____ pursuant to the Subdivision Map Act and in accordance with the City of Ontario Municipal Code. ☐

☐ 2.02 Submit a PDF of the recorded map to the City Engineer's office. ☐

☐ 2.03 Note that the subject parcel is a recognized parcel in the City of Ontario per _____. ☐

☐ 2.04 Note that the subject parcel is an 'unrecognized' parcel in the City of Ontario and shall require a Certificate of Compliance to be processed unless a deed is provided confirming the existence of the parcel prior to the date of March 4, 1972. ☐

☒ **2.05 Apply for a:** ☐

☐ Certificate of Compliance with a Record of Survey;

☒ **Lot Line Adjustment (Record a Conforming Deed with the County of San Bernardino within six months of the recordation of the Lot Line Adjustment to conform the new LLA legal description. Submit a copy of the recorded Conforming Deed to the Engineering Department.);**

☐ Make a Dedication of Easement.

☒ ~~2.06~~ ~~Provide (original document) Covenants, Conditions and Restrictions (CC&R's), as applicable to the project, and as approved by the City Attorney and the Engineering and Planning Departments, ready for recordation with the County of San Bernardino. The CC&R's shall provide for, but not be limited to, common ingress and egress, joint maintenance of all common access improvements, common facilities, parking areas, utilities and drive approaches in addition to maintenance requirements established in the Water Quality Management Plan (WQMP), as applicable to the project.~~ ☐

☐ 2.07 For all development occurring south of the Pomona Freeway (60-Freeway) and within the specified boundary limits (per Boundary Map found at *http://tceplumecleanup.com/*), the property developer/owner is made aware of the South Archibald Trichloroethylene (TCE) Plume "Disclosure Letter". Property owner may wish to provide this Letter as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq. This may include notifications in the Covenants, Conditions and Restrictions (CC&Rs) or other documents related to property transfer and disclosures. Additional information on the plume is available from the Santa Ana Regional Water Quality Control Board at *http://geotracker.waterboards.ca.gov/profile_report?global_id=T10000004658*. ☐

☒ **2.08 Submit a soils/geology report.** ☐

☒ **2.09 Other Agency Permit/Approval: Submit a copy of the approved permit and/or other form of approval of the project from the following agency or agencies:** ☐

- ☒ **State of California Department of Transportation (Caltrans) (for improvements on Euclid Avenue)**
- ☐ San Bernardino County Road Department (SBCRD)
- ☐ San Bernardino County Flood Control District (SBCFCD)
- ☐ Federal Emergency Management Agency (FEMA)
- ☐ Cucamonga Valley Water District (CVWD) for sewer/water service
- ☐ United States Army Corps of Engineers (USACE)
- ☐ California Department of Fish & Game
- ☐ Inland Empire Utilities Agency (IEUA)
- ☐ Other: _____

☐ 2.10 Dedicate to the City of Ontario the right-of-way described below: ☐

_____ feet on _____

Property line corner 'cut-back' required at the intersection of _____ and _____.

☒ **2.11 Dedicate to the City of Ontario the following easement(s):** ☐

A. For water purposes from the eastern property boundary to 10 feet west of the existing public potable water main (W11492).

☒ **2.12 Vacate the following street(s) and/or easement(s):** ☐

A. 6-foot SCE easement along western property boundary.
B. 10-foot Chino Water District utility easement along northern property boundary.
C. All interfering on-site easements shall be quitclaimed, vacated, and/or submit non-interference letter from affected owner/utility company.

☐ 2.13 Ontario Ranch Developments: ☐

☐ 1) Submit a copy of the permit from the San Bernardino County Health Department to the Engineering Department and the Ontario Municipal Utilities Company (OMUC) for the destruction/abandonment of the on-site water well. The well shall be destroyed/abandoned in accordance with the San Bernardino County Health Department guidelines.

☐ 2) Make a formal request to the City of Ontario Engineering Department for the proposed temporary use of an existing agricultural water well for purposes other than agriculture, such as grading, dust control, etc. Upon approval, the Applicant shall enter into an agreement with the City of Ontario and pay

any applicable fees as set forth by said agreement.

☐ 3) Design proposed retaining walls to retain up to a maximum of three (3) feet of earth. In no case shall a wall exceed an overall height of nine (9) feet (i.e. maximum 6-foot high wall on top of a maximum 3-foot high retaining wall.

☒ **2.14** **Submit a security deposit to the Engineering Department to guarantee construction of the public improvements required herein valued at 100% of the approved construction cost estimate. Security deposit shall be in accordance with the City of Ontario Municipal Code. Security deposit will be eligible for release, in accordance with City procedure, upon completion and acceptance of said public improvements.** ☐

☒ **2.15** **The applicant/developer shall submit all necessary survey documents prepared by a Licensed Surveyor registered in the State of California detailing all existing survey monuments in and around the project site. These documents are to be reviewed and approved by the City Survey Office.** ☐

☒ **2.16** **Pay all Development Impact Fees (DIF) to the Building Department. Storm Drain Development Impact Fee for the proposed retail space, approximately $17,949.36, shall be paid to the Building Department. Remaining DIF shall be calculated by the Building Department. Final fee shall be determined based on the approved site plan and the DIF rate at the time of payment.** ☐

☒ **2.17** **Other conditions:** ☐

a. **Submit a copy of a recorded private reciprocal use agreement or easement. The agreement or easement shall ensure, at a minimum, common ingress and egress and joint maintenance of all common access areas and drive aisles.**

B. PUBLIC IMPROVEMENTS
(See attached Exhibit 'A' for plan check submittal requirements.)

☒ 2.18 **Design and construct full public improvements in accordance with the City of Ontario Municipal Code, current City standards and specifications, master plans and the adopted specific plan for the area, if any. These public improvements shall include, but not be limited to, the following (checked boxes):**

Improvement	Euclid Avenue	Walnut Street	Street 3	Street 4
Curb and Gutter	☐ New; ___ ft. from C/L ☒ **Replace damaged** ☐ Remove and replace	☐ New; ___ ft. from C/L ☒ **Replace damaged** ☐ Remove and replace	☐ New; ___ ft. from C/L ☐ Replace damaged ☐ Remove and replace	☐ New; ___ ft. from C/L ☐ Replace damaged ☐ Remove and replace
AC Pavement	☐ Replacement ☐ Widen ____ additional feet along frontage, including pavm't transitions	☐ Replacement ☐ Widen ____ additional feet along frontage, including pavm't transitions	☐ Replacement ☐ Widen ____ additional feet along frontage, including pavm't transitions	☐ Replacement ☐ Widen ____ additional feet along frontage, including pavm't transitions
PCC Pavement (Truck Route Only)	☐ New ☐ Modify existing	☐ New ☐ Modify existing	☐ New ☐ Modify existing	☐ New ☐ Modify existing
Drive Approach	☒ **New** ☐ Remove and replace	☒ **New** ☐ Remove and replace	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace
Sidewalk	☐ New ☒ **Replace damaged**	☒ **Widen (a)** ☒ **Replace damaged**	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace
ADA Access Ramp	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace
Parkway	☒ **Trees** ☒ **Landscaping (w/irrigation)**	☒ **Trees** ☒ **Landscaping (w/irrigation)**	☐ Trees ☐ Landscaping (w/irrigation)	☐ Trees ☐ Landscaping (w/irrigation)
Raised Landscaped Median	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace	☐ New ☐ Remove and replace
Fire Hydrant	☒ **New / Upgrade** ☐ Relocation	☒ **New / Upgrade** ☐ Relocation	☐ New / Upgrade ☐ Relocation	☐ New / Upgrade ☐ Relocation

Sewer (see Sec. 2.C)	☐ Main ☒ **Lateral**	☐ Main ☒ **Lateral**	☐ Main ☐ Lateral	☐ Main ☐ Lateral
Water (see Sec. 2.D)	☐ Main ☒ **Service**	☐ Main ☒ **Service**	☐ Main ☐ Service	☐ Main ☐ Service
Recycled Water (see Sec. 2.E)	☐ Main ☐ Service	☐ Main ☐ Service	☐ Main ☐ Service	☐ Main ☐ Service
Traffic Signal System (see Sec. 2.F)	☐ New ☒ **Modify existing**	☐ New ☒ **Modify existing**	☐ New ☐ Modify existing	☐ New ☐ Modify existing
Traffic Signing and Striping (see Sec. 2.F)	☒ **New** ☐ Modify existing	☒ **New** ☐ Modify existing	☐ New ☐ Modify existing	☐ New ☐ Modify existing
Street Light (see Sec. 2.F)	☒ **New / Upgrade** ☐ Relocation	☒ **New / Upgrade** ☐ Relocation	☐ New / Upgrade ☐ Relocation	☐ New / Upgrade ☐ Relocation
Bus Stop Pad or Turn-out (see Sec. 2.F)	☐ New ☐ Modify existing	☐ New ☐ Modify existing	☐ New ☐ Modify existing	☐ New ☐ Modify existing
Storm Drain (see Sec. 2G)	☒ **Main** ☒ **Lateral**	☐ Main ☐ Lateral	☐ Main ☐ Lateral	☐ Main ☐ Lateral
Fiber Optics (see Sec. 2K)	☒ **Conduit / Appurtenances**	☒ **Conduit / Appurtenances**	☐ Conduit / Appurtenances	☐ Conduit / Appurtenances
Overhead Utilities	☐ Underground ☐ Relocate	☒ **Underground, see Sec. 2.22** ☐ Relocate	☐ Underground ☐ Relocate	☐ Underground ☐ Relocate
Removal of Improvements	_____ _____ _____	_____ _____ _____	_____ _____ _____	_____ _____ _____
Other Improvements	_____ _____ _____	_____ _____ _____	_____ _____ _____	_____ _____ _____

Specific notes for improvements listed in item no. 2.18, above:
a. Widen sidewalk to allow ADA clearance around proposed fire hydrants.

☒ **2.19 Construct a 2" asphalt concrete (AC) grind and overlay on the following street(s):** ☐
a. From curb to centerline along project frontage on Walnut Street.

☐ 2.20 Reconstruction of the full pavement structural section, per City of Ontario Standard Drawing number 1011, may be required based on the existing pavement condition and final street design. Minimum limits of reconstruction shall be along property frontage, from street centerline to curb/gutter. ☐

☐ 2.21 Make arrangements with the Cucamonga Valley Water District (CVWD) to provide ☐ water service ☐ sewer service to the site. This property is within the area served by the CVWD and Applicant shall provide documentation to the City verifying that all required CVWD fees have been paid. ☐

☒ **2.22 Overhead utilities shall be under-grounded, in accordance with Title 7 of the City's Municipal Code (Ordinance No. 2804 and 2892). Developer may pay in-lieu fee, approximately $208,792.50 ($350/LF for 596.55 LF on Walnut Street), for undergrounding of utilities in accordance with Section 7-7.302.e of the City's Municipal Code.** ☐

☐ 2.23 Other conditions: _____ ☐

C. SEWER

☒ **2.24 An 8-inch sewer main is available for connection by this project in Euclid Avenue (Ref: Sewer Drawing Number: S11617). An 8-inch sewer main is available for connection by this project in Laurel Avenue (Ref: Sewer Drawing Number: S10550).** ☐

☐ 2.25 Design and construct a sewer main extension. A sewer main is not available for direct connection. The closest main is approximately _____ feet away. ☐

☐ 2.26 Submit documentation that shows expected peak loading values for modeling the impact of the subject project to the existing sewer system. The project site is within a deficient public sewer system area. Applicant shall be responsible for all costs associated with the preparation of the model. Based on the results of the analysis, Applicant may be required to mitigate the project impact to the deficient public sewer system, including, but not limited to, upgrading of existing sewer main(s), construction of new sewer main(s) or diversion of sewer discharge to another sewer. ☐

☒ **2.27 Other conditions:** ☐
a. See Exhibit B for additional Sewer Conditions of Approval from OMUC.

D. WATER

☒ **2.28 A 6-inch water main is available for connection by this project in Euclid Avenue (Ref: Water Drawing Number: W11065). An 8-inch water main is available for connection by this project in Euclid Avenue (Ref: Water Drawing Number: W11492).** ☐

☐ 2.29 Design and construct a water main extension. A water main is not available for direct connection. The closest main is approximately _____ feet away. ☐

☒ **2.30 Other conditions:** ☐
a. See Exhibit B for additional Water Conditions of Approval from OMUC.

E. RECYCLED WATER

☐ 2.31 A _____inch recycled water main is available for connection by this project in _____. (Ref: Recycled Water Drawing Number:_____) ☐

☐ 2.32 Design and construct an on-site recycled water system for this project. A recycled water main does exist in the vicinity of this project. ☐

☐ 2.33 Design and construct an on-site recycled water ready system for this project. A recycled water main does not currently exist in the vicinity of this project but is planned for the near future. If Applicant would like to connect to this recycled water main when it becomes available, the cost for the connection shall be borne solely by the Applicant. ☐

☐ 2.34 Submit one (1) electronic copy, in PDF format, of the Engineering Report (ER), for the use of recycled water to OMUC's Water Quality Programs at OMUCWQPlanCheck@ontarioca.gov for review and subsequent submittal to the California State Water Board (Division of Drinking Water) for final approval. ☐

Note: Review and approval process may take up to three (3) months. Contact the OMUC's Water Quality Programs at (909) 395-2678 or email OMUCWQPlanCheck@ontarioca.gov regarding this requirement.

☐ 2.35 Submit one (1) electronic copy, in PDF format, of the Landscape Plans (on-site & off-site) to OMUC's Water Quality Programs at OMUCWQPlanCheck@ontarioca.gov for review and approval.

☐ 2.36 Other conditions: _____ ☐

F. TRAFFIC / TRANSPORTATION

☐ 2.37 Submit a focused traffic impact study, prepared and signed by a Traffic/Civil Engineer registered in the State of California. The study shall address, but not be limited to, the following issues as required by the City Engineer: ☐
1. On-site and off-site circulation
2. Traffic level of service (LOS) at 'build-out' and future years
3. Impact at specific intersections as selected by the City Engineer

☐ 2.38 New traffic signal installations shall be added to Southern California Edison (SCE) customer account number # 2-20-044-3877. ☐

☒ **2.39 Other conditions:** ☐

1. **The applicant/developer shall be responsible to perform all traffic signal modifications and operational improvements as required by the level of service and eastbound/westbound left turn phasing analysis for the intersection of Euclid Avenue and Walnut Avenue, and to the satisfaction of the City Engineer.**

2. **The applicant/developer shall coordinate any work and improvements on Euclid Avenue (State Route 83) with Caltrans via their encroachment permit process. Staff recommends that the Applicant/developer coordinate the proposed improvements along Euclid Avenue with Caltrans during the entitlement phase.**

3. **The applicant/developer shall be responsible to design and construct street improvements along property frontage of Euclid Avenue and Walnut Street in accordance with conditions issued by City's Land Development Division. These, and all other street improvements required herein, shall include, but not be limited to, concrete curb and gutter, sidewalk, LED street lights, signing and striping, and parkway landscaping.**

4. **Euclid Avenue and Walnut Street shall be signed "No Stopping Anytime" along the property frontage.**

5. **The proposed driveways onto Euclid Avenue shall be restricted to right-in/right-out ingress/egress due to the existing raised median.**

6. **Design and construct proposed driveways in accordance with City of Ontario Standard Drawing No. 1204 for Commercial Driveway.**

7. **The applicant/developer shall be responsible to design and construct 1 in-fill public street light along its project frontage on Walnut Street at the T-intersection with Laurel Avenue. Street lighting shall be LED-type and in accordance with City's Traffic and Transportation Design Guidelines. The applicant/developer shall also install smart nodes on all new street light fixtures along project frontage.**

8. **The applicant/developer shall be responsible to replace any existing street light fixtures along its project frontage of Euclid Avenue and Walnut Avenue with the current City approved LED equivalent fixture per the Traffic and Transportation Design Guidelines. The applicant/developer shall also install smart nodes on all existing street light**

fixtures along project frontage.

9. **All landscaping, block walls, and other obstructions shall be compatible with the stopping sight distance requirements per City of Ontario Standard Drawing No. 1309.**

10. **The applicant/developer's engineer-of-record shall meet with City Engineering staff prior to starting signing/striping and street lighting design plans.**

G. DRAINAGE / HYDROLOGY

☒ **2.40** **A 24-inch storm drain main is available to accept flows from this project in Euclid Avenue (Ref: Storm Drain Drawing Number: unknown)** ☐

☐ 2.41 Submit a hydrology study and drainage analysis, prepared and signed by a Civil Engineer registered in the State of California. The study shall be prepared in accordance with the San Bernardino County Hydrology Manual and City of Ontario standards and guidelines. Additional drainage facilities, including, but not limited to, improvements beyond the project frontage, may be required to be designed and constructed, by Applicant, as a result of the findings of this study. ☐

☐ 2.42 An adequate drainage facility to accept additional runoff from the site does not currently exist downstream of the project. Design and construct a storm water detention facility on the project site. 100-year post-development peak flow shall be attenuated such that it does not exceed 80% of pre-development peak flows, in accordance with the approved hydrology study and improvement plans. ☐

☐ 2.43 Submit a copy of a recorded private drainage easement or drainage acceptance agreement to the Engineering Department for the acceptance of any increase to volume and/or concentration of historical drainage flows onto adjacent property, prior to approval of the grading plan for the project. ☐

☐ 2.44 Comply with the City of Ontario Flood Damage Prevention Ordinance (Ordinance No. 2409). The project site or a portion of the project site is within the Special Flood Hazard Area (SFHA) as indicated on the Flood Insurance Rate Map (FIRM) and is subject to flooding during a 100-year frequency storm. The site plan shall be subject to the provisions of the National Flood Insurance Program. ☐

☒ **2.45** **Other conditions:** ☐

a. **Developer shall construct the proposed 24" storm drain line (EULD-VII-1) in Euclid Avenue along the project frontage.**

H. STORM WATER QUALITY / NATIONAL POLLUTANT DISCHARGE AND ELIMINATION SYSTEM (NPDES)

☐ 2.46 401 Water Quality Certification/404 Permit – Submit a copy of any applicable 401 Certification or 404 Permit for the subject project to the City project engineer. Development that will affect any body of surface water (i.e. lake, creek, open drainage channel, etc.) may require a 401 Water Quality Certification from the California Regional Water Quality Control Board, Santa Ana Region (RWQCB) and a 404 Permit from the United States Army Corps of Engineers (USACE). The groups of water bodies classified in these requirements are perennial (flow year round) and ephemeral (flow during rain conditions, only) and include, but are not limited to, direct connections into San Bernardino County Flood Control District (SBCFCD) channels. ☐
If a 401 Certification and/or a 404 Permit are not required, a letter confirming this from Applicant's engineer shall be submitted.
Contact information: USACE (Los Angeles District) (213) 452-3414; RWQCB (951) 782-4130.

☒ **2.47** **Submit a Water Quality Management Plan (WQMP). This plan shall be approved by the Engineering Department prior to approval of any grading plan. The WQMP shall be submitted, utilizing the current San Bernardino County Stormwater Program template, available at: http://www.sbcounty.gov/dpw/land/npdes.asp.** ☐

☒ **2.48** **Design and construct a Connector Pipe Trash Screen or equivalent Trash Treatment Control Device, per catch basin located within or accepting flows tributary of a Priority Land Use (PLU) area that meets the Full Capture System definition and specifications, and is on the Certified List of the State Water Resources Control Board. The device shall be adequately sized per catch basin and include a deflector screen with vector control access for abatement application, vertical support bars, and removable component to facilitate maintenance and cleaning.** ☐

☐ 2.49 Other conditions: _____ ☐

J. SPECIAL DISTRICTS

☐ 2.50 File an application, together with an initial deposit (if required), to establish a Community Facilities District (CFD) pursuant to the Mello-Roos Community Facilities District Act of 1982. The application and fee shall be submitted a minimum of four (4) months prior to final subdivision map approval, and the CFD shall be established prior to final subdivision map approval or issuance of building permits, whichever occurs first. The CFD shall be established upon the subject property to provide funding for various City services. An annual special tax shall be levied upon each parcel or lot in an amount to be determined. The special tax will be collected along with annual property taxes. The City shall be the sole lead agency in the formation of any CFD. Contact Investment and Revenue Resources at (909) 395-2341 to initiate the CFD application process. ☐

☐ 2.51 Other conditions: _____ ☐

K. FIBER OPTIC

☐ 2.52 A _____ fiber optic line is available for connection by this project in _____. (Ref: Fiber Optic Drawing Number: _____) ☐

☒ **2.53 Design and construct fiber optic system to provide access to the City's conduit and fiber optic system per the City's Fiber Optic Master Plan. Building entrance conduits shall start from the closest OntarioNet hand hole constructed along the project frontage in the ROW and shall terminate in the main telecommunications room for each building. Conduit infrastructure shall interconnect with the primary and/or secondary backbone fiber optic conduit system at the nearest OntarioNet hand hole, to be constructed in the ROW at the extreme NEC and SWC of the property.** ☐

☒ **2.54 Refer to the City's Fiber Optic Master Plan for design and layout guidelines. Contact the Broadband Operations Department at (909) 395-2000, regarding this requirement.** ☐

3. PRIOR TO ISSUANCE OF A CERTIFICATE OF OCCUPANCY, APPLICANT SHALL:

☒ **3.01 Set new monuments in place of any monuments that have been damaged or destroyed as a result of construction of the subject project. Monuments shall be set in accordance with City of Ontario standards and to the satisfaction of the City Engineer.** ☐

☐ 3.02 Complete all requirements for recycled water usage. ☐

☐ 1) Procure from the OMUC a copy of the letter of confirmation from the California Department of Public Health (CDPH) that the Engineering Report (ER) has been reviewed and the subject site is approved for the use of recycled water.

☐ 2) Obtain clearance from the OMUC confirming completion of recycled water improvements and passing of shutdown tests and cross connection inspection, upon availability/usage of recycled water.

☐ 3) Complete education training of on-site personnel in the use of recycled water, in accordance with the ER, upon availability/usage of recycled water.

☒ **3.03 The applicant/developer shall submit all final survey documents prepared by a Licensed Surveyor registered in the State of California detailing all survey monuments that have been preserved, revised, adjusted or set along with any maps, corner records or Records of Survey needed to comply with these Conditions of Approvals and the latest edition of the California Professional Land Survey Act. These documents are to be reviewed and approved by the City Survey Office.** ☐

☐ 3.04 Ontario Ranch Projects: For developments located at an intersection of any two collector or arterial streets, the applicant/developer shall set a monument if one does not already exist at that intersection. Contact the City Survey office for information on reference benchmarks, acceptable methodology and required submittals. ☐

☒	3.05	**Confirm payment of all Development Impact Fees (DIF) to the Building Department.**	☐
☒	3.06	**Submit electronic copies (PDF and Auto CAD format) of all approved improvement plans, studies and reports (i.e. hydrology, traffic, WQMP, etc.).**	☐

4. PRIOR TO FINAL ACCEPTANCE, APPLICANT SHALL:

☒	4.01	**Complete all Conditions of Approval listed under Sections 1-3 above.**	☐
☒	4.02	**Pay all outstanding fees pursuant to the City of Ontario Municipal Code, including but not limited to, plan check fees, inspection fees and Development Impact Fees.**	☐
☒	4.03	**The applicant/developer shall submit a written request for the City's final acceptance of the project addressed to the City Project Engineer. The request shall include a completed Acceptance and Bond Release Checklist, state that all Conditions of Approval have been completed and shall be signed by the applicant/developer. Upon receipt of the request, review of the request shall be a minimum of 10 business days. Conditions of Approval that are deemed incomplete by the City will cause delays in the acceptance process.**	☐
☒	4.04	**Submit record drawings (PDF) for all public improvements identified within Section 2 of these Conditions of Approval.**	☐

EXHIBIT 'A'

ENGINEERING DEPARTMENT
First Plan Check Submittal Checklist

Project Number: PDEV22-027, PUD-22-004

The following items are required to be included with the first plan check submittal:

1. ☒ **A copy of this check list**
2. ☒ **Payment of fee for Plan Checking**
3. ☒ **One (1) copy of Engineering Cost Estimate (on City form) with engineer's wet signature and stamp.**
4. ☒ **One (1) copy of project Conditions of Approval**
5. ☒ **Include a PDF (electronic submittal) of each required improvement plan at every submittal.**
6. ☒ **Two (2) sets of Potable Water demand calculations (include water demand calculations showing low, average and peak water demand in GPM for the proposed development and proposed water meter size).**
7. ☐ Three (3) sets of Public Street improvement plan with street cross-sections
8. ☐ Four (4) sets of Public Water improvement plan (include water demand calculations showing low, average and peak water demand in GPM for the proposed development and proposed water meter size)
9. ☐ Four (4) sets of Recycled Water improvement plan (include recycled water demand calculations showing low, average and peak water demand in GPM for the proposed development and proposed water meter size and an exhibit showing the limits of areas being irrigated by each recycled water meter)
10. ☐ Four (4) sets of Public Sewer improvement plan
11. ☒ **Five (5) sets of Public Storm Drain improvement plan**
12. ☒ **Three (3) sets of Public Street Light improvement plan**
13. ☒ **Three (3) sets of Signing and Striping improvement plan**
14. ☒ **Three (3) sets of Fiber Optic plan (include Auto CAD electronic submittal)**
15. ☐ Three (3) sets of HOA Landscape improvement plans. Show corner sight line distance per engineering standard drawing 1309.
16. ☐ Five (5) sets of CFD Landscape improvement plans. Show corner sight line distance per engineering standard drawing 1309.
17. ☒ **Three (3) sets of Dry Utility plans within public right-of-way (at a minimum the plans must show existing and ultimate right-of-way, curb and gutter, proposed utility location including centerline dimensions, wall to wall clearances between proposed utility and adjacent public line, street work repaired per Standard Drawing No. 1306. Include Auto CAD electronic submittal)**
18. ☒ **Three (3) sets of Traffic Signal improvement plan and One (1) copy of Traffic Signal Specifications with modified Special Provisions. Please contact the Traffic Division at (909) 395-2154 to obtain Traffic Signal Specifications.**
19. ☒ **Two (2) copies of Water Quality Management Plan (WQMP), including one (1) copy of the approved Preliminary WQMP (PWQMP).**

20. ☒ **One (1) copy of Hydrology/Drainage study**

21. ☒ **One (1) copy of Soils/Geology report**

22. ☐ Payment for Final Map/Parcel Map processing fee

23. ☐ Three (3) copies of Final Map/Parcel Map

24. ☐ One (1) copy of approved Tentative Map

25. ☒ **One (1) copy of Preliminary Title Report (current within 30 days)**

26. ☐ One (1) copy of Traverse Closure Calculations

27. ☒ **One (1) set of supporting documents and maps (legible copies): referenced improvement plans (full size), referenced record final maps/parcel maps (full size, 18"x26"), Assessor's Parcel map (full size, 11"x17"), recorded documents such as deeds, lot line adjustments, easements, etc.**

28. ☐ Two (2) copies of Engineering Report and an electronic file (include PDF format electronic submittal) for recycled water use

29. ☒ **Other:**
    a. **Submit a copy of a recorded private reciprocal use agreement or easement. The agreement or easement shall ensure, at a minimum, common ingress and egress and joint maintenance of all common access areas and drive aisles.**

CITY OF ONTARIO
MEMORANDUM

ONTARIO MUNICIPAL UTILITIES COMPANY

DATE: July 13, 2023
TO: Angela Truong, Engineering Department
CC: Alexis Vaughn, Planning Department

FROM: Jeff Krizek, Utilities Engineering Division (QCR: HAY)

SUBJECT: DPR5 & Utilities Engineering Conditions of Approval (COAs) **(#9284c)**
PROJECT NO.: PDEV22-027

BRIEF DESCRIPTION:

PDEV22-027: *A Development Plan to construct a mixed-use development consisting of 346 multiple-family dwellings and 6,000 square feet of commercial retail space on approximately 10.63 acres of land generally located at the Northwest corner of Euclid Avenue and Walnut Street, within the CC (Community Commercial) zoning district (APNs: 1051-271-67, 1051-271-06, and 1051-271-66). Related File: PUD-22-004.*

OMUC UTILITIES ENGINEERING DIVISION
CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL: *The Ontario Municipal Utilities Company (OMUC) Utilities Engineering Division recommends this application for approval subject to the Conditions of Approval outlined below and compliance with the City's Design Development Guidelines, Specifications Design Criteria, and City Standards. The Applicant shall be responsible for the compliance with and the completion of all the following applicable Conditions of Approval prior to the following milestones and subject to compliance with City's Design Development Guidelines, Specifications Design Criteria, and City Standards:*

General Conditions:

1. Standard Conditions of Approval: Project shall comply with the requirements set forth in the Amendment to the Standard Conditions of Approval for New Development Projects adopted by the City Council (Resolution No. 2017-027) on April 18, 2017, or as amended or superseded by Council Resolution; as well as project-specific conditions/requirements as outlined below.

Prior to Issuance of Any Permits (Grading, Building, Demolition and Encroachment), unless other timeline milestones are specified by individual conditions below, the Applicant Shall:

General Conditions (Section 2.A, Other conditions): The Applicant shall comply with the following:

2. Inherited Requirements and Conditions of Approval: This project is subject to all the Requirements and Conditions of Approval of related entitlements: PUD-22-004. Any conflict in Conditions of Approval and requirements, the Conditions of Approval below for this Project will supersede previous Conditions of Approval.
3. Final Utilities Systems Map (USM): Submit a Final Utilities Systems Map (USM) as part of the precise grading plan submittal that meets all the City's USM requirements. These requirements include to show and label all existing and proposed utilities (including all appurtenances such as backflow devices, DCDAs, etc.), sizes, points of connection, and any easements. The final utility design shall comply with all Division of Drinking Water (CCR §64572) Separation Requirements. See Utility Systems Map (USM) Requirements document for details.
4. Note the following definitions and concepts for Public Utility Improvements and Private Utility Improvements: Public Improvements shall be designed per City Public Design Guidelines and City Standards and constructed through a City Encroachment Permit; and Private Onsite Improvements shall be designed per Building Code and Plumbing Code and constructed through a City Building Permit.

a. Public Utility Improvements include the following: water main pipelines and sewer main pipelines; sewer laterals connecting to a Public Sewer Main up to the Cleanout (or Manhole) at PL/RoW; water services and connected appurtenances (Meters/Meter Boxes, Fire Hydrants, Airvacs, Blowoffs, etc.) connecting to a Public Water Main per City Standards; and Fire Services connecting to a Public Water Main from the Main up to the DCDA. Public Water Improvements and Public Sewer Improvements are required to be designed and constructed through Public Improvement Plans with Plan View and Profile View per City Standards, Guidelines, and Requirements.

b. Private Utility Improvements include the following: onsite water plumbing lines after a Public Meter, or after the Fire DCDA and including the DCDA; Backflow Devices and other Cross-Connection Prevention; onsite sewer upstream of the Public Sewer Lateral, including the Cleanout (or Manhole) at PL/RoW/PUE Edge; Monitoring Manholes and other Wastewater Pretreatment Facilities. Private Onsite Utility Improvements are required to be designed and constructed per Building and Plumbing Plans with: the Backflows, DCDAs, Cleanout (or Manhole) at PL/RoW/PUE Edge, and Monitoring Manholes being designed and constructed through a Precise Grading Plan; and, the other Pretreatment Devices (Grease Interceptor, Sand, Oil Interceptors, etc.) and the connections to the buildings and structures through a building Plumbing Plan.

5. Public Utilities and Public Right-of-Way including Public Utility Easements (PUE): All City of Ontario Public Utilities shall be installed within a Public Right-of-Way (RoW), or within a Public Utility Easements (PUE), or within a combination of RoW and PUE. In this case, Public Utilities is referring to the mains and connected appurtenances of the following City of Ontario/OMUC Utilities: Public Potable Water; Public Recycled Water; and Public Sanitary Sewer. All Public Utilities shall be subject to the Minimum RoW/PUE Area Requirements and PUE Restrictions:

   a. Minimum RoW Area Requirements: Public Utilities shall be installed within in existing RoW/PUE in alignments/locations that meet the following minimum RoW/PUE areas surrounding the Public Utilities, and/or additional RoW/PUE shall be dedicated/granted to the City to provide the following minimum RoW/PUE areas surrounding the Public Utilities:
      i. For each main, the RoW/PUE Area shall be a minimum of 20 feet wide, centered on the utility main with a minimum of 10 feet of RoW/PUE on each side of the main and this minimum area shall extend a minimum for 10 feet past the end of a main;
      ii. For each Service/Lateral, the RoW/PUE Area shall be a minimum of 10 feet wide, centered on the service/lateral with a minimum of 5 feet of PRoW on each side of each service/lateral;
      iii. For each water meter box, the RoW/PUE Area shall be a minimum of 5 feet behind and 5 feet on each side of a water meter box;
      iv. For each water appurtenances (fire hydrants, blowoffs, airvacs, etc), the RoW/PUE Area shall be a minimum of 5 feet on each side surrounding the water appurtenances (fire hydrants, blowoffs, airvacs, etc);
      v. The RoW/PUE minimum areas for separate Public Utilities may overlap, provide that all minimum separations and PUE Restrictions are met.
   b. PUE Restrictions: The Minimum PUE Area required surrounding Public Utilities shall be subject to the following restrictions:
      i. The Minimum PUE Area required surrounding Public Utilities shall not contain:
         A. Any storm water quality improvements (infiltration, detention, retention, bioswale, etc);
         B. Landscaping with thick or intrusive root structures,
         C. Any trees;
         D. Any private utilities, plumbing lines, private fire system, or irrigation lines; or,
         E. Any permanent structures or overhangs of permanent structures.
      ii. The PUE surface shall be designed to allow vehicle access over and along the full length of the utility main by any City maintenance vehicle.
      iii. Minimum Separations: Within a PUE, all Department of Drinking Water (DDW) Water Main Separations per California Code of Regulations (CCR) §64572 shall be met for all Public Potable Water Mains and Services between: all Public City Utilities; Non-City Utilities; and Private Utilities. Additionally, the following Minimum Separations shall be met:
         A. At minimum there shall be a 4 feet horizontal separation between each utility as measured between the outside walls of the utility pipelines, or in the case of a Joint Utility Trench, between the outside edge of the Joint Utility Trench and the outside wall of the Utility Pipeline.
         B. Public Utility mains shall not be located behind curb or under curb & gutter and shall be located at minimum of 5 feet from curbface.

Sanitary Sewer Conditions (Section 2.C): The Applicant shall comply with the following:

6. Sanitary Sewer Service:
    a. Each building and its onsite private sewer system shall discharge wastewater to the Public Sanitary Sewer System through a Public Sewer Lateral per Standard #2003. The quantity of Public Sewer Laterals for each building shall be limit to the minimum necessary to meet all of the conditions of approved and as limited by the City.
    b. Public Sewer Laterals and Storm Water Quality Improvements: No storm water quality improvements (infiltration, detention, retention, bioswale, etc) shall be installed above or with 5 feet of any Public Sewer Lateral.
7. Private Onsite Sewer System and Plumbing: The Onsite Sewer System shall be privately maintained by the property owner and shall meet the following requirements:
    a. The Onsite sewer system and building plumbing shall be designed in such a way that the wastewater flows for residential uses leave the building separately from wastewater flows for non-residential uses.
    b. For wastewater flows for non-residential uses:
        i. The Onsite sewer system and building plumbing shall be designed in such a way that the sanitary domestic wastewater flows leave the building separately from non-sanitary wastewater flows (industrial, process, or kitchen, etc.) and the line for non-sanitary wastewater flows can be upgraded in the future to have pretreatment equipment and devices on it, as required by a Wastewater Discharge Permit.
        ii. Each building and each connection from the Onsite Sewer System to the Public Sewer System shall have an onsite monitoring manhole prior to the point of connection with the Public Sewer System.
    c. Private Onsite Sewer and Storm Water Quality Improvements: No storm water quality improvements (infiltration, detention, retention, bioswale, etc) shall be installed above or with 5 feet of any Private Onsite Sewer pipes.
8. Wastewater Discharge: For Non-Residential Uses: each Occupant of the building, or units, as applicable, shall apply for a Wastewater Discharge Permit for their Establishment, and shall comply with all the requirements of their Wastewater Discharge Permit. Requirements of Wastewater Discharge Permit may include, but not limited to include installing a monitoring manhole, clarifier, interceptor, or other wastewater pretreatment equipment.

Potable Water Conditions (Section 2.D): The Applicant shall comply with the following:

9. Potable Water Service:
    a. Domestic Service:
        i. Multifamily attached residential buildings shall have a domestic potable water service and public master meter connected to the Public Potable Water System with onsite private backflow prevention device and submetering.
            1. This Project requires a minimum of two (2) meters for domestic residential use with the private onsite domestic water system looped between the meters. One meter shall be located along Euclid Avenue and one shall be located along Walnut Avenue.
        ii. Any Non-Residential Uses, needing a potable water service shall have its own potable water service and meter with backflow prevention device connected to the Public Potable Water System separate from residential uses.
    b. Irrigation Service: For landscape irrigation uses that are not served by Recycled Water, the landscape irrigation uses shall have a separate irrigation water service and meter with backflow prevention device connected to the Public Potable Water System separate from the domestic water uses and the onsite plumbing systems shall be also separate from each other.
        i. Community Service District (CFD) Maintained Irrigation Areas: Any irrigated areas that are to be maintained by a Community Service District (CFD) and not by the property owner or owners association require irrigation services and meters separate from those that are maintained by the property owner or owners association.

c. Backflow Prevention: Each Meter connected to the Public Potable Water System that serves any use that is more than one (1) single family residential unit or any non-residential use requires a backflow prevention device.

d. Fire Water Service: For onsite private Fire System uses:

i. Where the domestic water service and meters connected to the Public Potable Water System that serves any use that is more than one (1) single family detached residential unit, or any non-residential use: if an onsite private fire system is required, then a separate Fire Service with Double Check Detector Assembly (DCDA) per City Standard #4208 connected to the Public Potable Water System is required, to serve the onsite private fire system. The onsite fire system and onsite domestic water plumbing system shall be separate.

1. This Project requires a minimum of two (2) fire services with DCDAs with the private onsite fire water system looped between the service/DCDAs. One Fire Service with DCDA shall be located along Euclid Avenue and one shall be located along Walnut Avenue.

e. Fire Hydrants:

i. Fire Hydrants along Public Potable Water Mains shall be installed to be spaced a maximum of 300 feet apart or per Fire Department Standards/Requirements, whichever is closer.

ii. Existing Public Fire Hydrants along the Project frontage that do not meet current City Standards shall be abandoned and replaced with new Fire Hydrants that meet current City Standards.

f. Private Onsite Water System and Plumbing: The Onsite Water Systems (Domestic, Fire, Irrigation) shall be privately maintained by the property owner.

10. Existing Public Potable Water Main: The existing Public Potable Water Main along the west side of Euclid Avenue behind curb requires additional RoW/PUE per the "Minimum RoW/PUE Area Requirements" and "PUE Restrictions" section of these Conditions of Approval.

Recycled Water Conditions (Section 2.E): The Applicant shall comply with the following:

11. City Ordinance 2689: This development shall comply with City Ordinance 2689 and make use of recycled water for all approved uses, including but not limited to landscape irrigation for HOA maintained areas and parks. Appropriately sized public and private mains shall be installed throughout the Project to meet this requirement, as approved by the City.

12. Recycled Water Service: In order to comply with City Ordinance 2689:

a. Purple Ready:

i. A recycled water main is Master Planned to be installed in the future within Walnut Street east of Euclid Avenue and in Euclid Avenue just north of Walnut Street.

ii. Design and construct all Project irrigation areas that are permissible of using recycled water to the standards and requirements to use recycled water (such as using purple pipe, preparation and approval of an Engineer's Report for Recycled Water Use, etc).

iii. Install irrigation services with meters for future recycled water use along Euclid Avenue as closest to Walnut Street that is feasible connecting to the public potable water system temporarily until recycle water becomes available to the Project.

iv. When recycled water becomes available to the Project, the Project shall connect to recycled water and convert to recycled water use and all costs and fees shall be borne solely by the Project/Applicant.

v. Community Service District (CFD) Maintained Irrigation Areas: Any irrigated areas that are to be maintained by a Community Service District (CFD) and not by the property owner or owners association require irrigation services and meters separate from those that are maintained by the property owner or owners association

13. RW Program Requirements: In order to receive RW service, the applicant shall comply with each of the following:

a. Prior to Precise Grading Plan Approval and Building Permits Issuance:

i. Provide two hard copies and the digital files (in PDF and AutoCAD format) for both on-site and off-site utility plans, including landscape and irrigation improvements.
ii. Submit an **Engineering Report (ER)** to the City detailing recycled water usage for review and approval by the City and the State. The review process for the ER is typically 3 months. City will coordinate the State's approval of the ER.
iii. For details, contact OMUCWQPlanCheck@ontarioca.gov.

b. Prior to Occupancy Release/Finalizing:
i. Pass start-up and cross-connection test successfully.
ii. Provide evidence demonstrating the training of on-site supervisor or designee as determined in the ER.

CITY OF ONTARIO

MEMORANDUM

TO: Scott Murphy, Community Development Director (Copy of memo only)
Rudy Zeledon, Planning Director (Copy of memo only)
Diane Ayala, Advanced Planning Division (Copy of memo only)
Charity Hernandez, Economic Development
James Caro, Building Department
Raymond Lee, Engineering Department
Jamie Richardson, Landscape Planning Division
Dennis Mejia, Municipal Utility Company
Heather Lugo, Police Department
Paul Erhman, Deputy Fire Chief/Fire Marshal
Jay Bautista, Traffic/Transportation Manager
Lorena Mejia, Airport Planning
Jeff Tang, Engineering/NPDES
Angela Magana, Community Improvement (Copy of memo only)
Jimmy Chang, IPA Department
Blaine Ishii, Integrated Waste

Revision #2

FROM: Alexis Vaughn, Associate Planner

DATE: May 31, 2023

SUBJECT: FILE #: PUD-22-004 Finance Acct#: PU006

The following project has been resubmitted for review. Please send one (1) copy and email one (1) copy of your DAB report to the Planning Department by .

PROJECT DESCRIPTION: A Planned Unit Development establishing land use designations, and development standards and guidelines, which will govern the development of 10.6 acres of land generally located at the northwest corner of Euclid Avenue and Walnut Street (APNs: 1051-271-67, 1051-271-06, 1051-271-66). Related Files: PDEV22-027, PHP22-015)

☑ The plan does adequately address the departmental concerns at this time.

- ☐ No comments
- ☐ See previous report for Conditions
- ☐ Report attached (1 copy and email 1 copy)
- ☑ Standard Conditions of Approval apply

☐ The plan does not adequately address the departmental concerns.

- ☐ The conditions contained in the attached report must be met prior to scheduling for Development Advisory Board.

OMUC Utilities Engineering Jeffrey F. Krizek Associate Engineer 06/23/2023
Department Signature Title Date
jkrizek@ontarioca.gov

CITY OF ONTARIO
MEMORANDUM

TO: **Alexis Vaughn, Associate Planner**
Planning Department

FROM: **Paul Ehrman, Sr. Deputy Fire Chief/Fire Marshal**
Fire Department

DATE: **November 7, 2022**

SUBJECT: **PUD-22-004 - A Planned Unit Development establishing land use designations, and development standards and guidelines, which will govern the development of 10.6 acres of land generally located at the northwest corner of Euclid Avenue and Walnut Street (APNs: 1051-271-67, 1051-271-06, 1051-271-66). Related Files: PDEV22-027, PHP22-015).**

☒ The plan **does** adequately address Fire Department requirements at this time.

☒ No comments.

CITY OF ONTARIO

MEMORANDUM

TO: Scott Murphy, Community Development Director (Copy of memo only)
Rudy Zeledon, Planning Director (Copy of memo only)
Diane Ayala, Advanced Planning Division (Copy of memo only)
Charity Hernandez, Economic Development
James Caro, Building Department
Raymond Lee, Engineering Department
Jamie Richardson, Landscape Planning Division
Dennis Mejia, Municipal Utility Company
Jeremy Phillips, Police Department
Paul Erhman, Deputy Fire Chief/Fire Marshal
Jay Bautista, Traffic/Transportation Manager
Lorena Mejia, Airport Planning
Tricia Espinoza, Engineering/NPDES
Angela Magana, Community Improvement (Copy of memo only)
Jimmy Chang, IPA Department
Ben Mayorga, Integrated Waste

FROM: Alexis Vaughn, Associate Planner

DATE: October 24, 2022

SUBJECT: FILE #: PUD-22-004 Finance Acct#: PU006

The following project has been submitted for review. Please send one (1) copy and email one (1) copy of your DAB report to the Planning Department by .

Note:
- ☐ Only DAB action is required
- ☐ Both DAB and Planning Commission actions are required
- ☐ Only Planning Commission action is required
- ☐ DAB, Planning Commission and City Council actions are required
- ☐ Only Zoning Administrator action is required

PROJECT DESCRIPTION: PUD associated with PDEV22-027 (description to be revised)

☒ The plan does adequately address the departmental concerns at this time.
- ☐ No comments
- ☐ Report attached (1 copy and email 1 copy)
- ☒ Standard Conditions of Approval apply

☐ The plan does not adequately address the departmental concerns.
- ☐ The conditions contained in the attached report must be met prior to scheduling for Development Advisory Board.

ONTARIO POLICE	ANTONIO GALBAN	POLICE OFFICER	11/2/22
Department	Signature	Title	Date

CITY OF ONTARIO

MEMORANDUM

TO: Scott Murphy, Community Development Director (Copy of memo only)
Rudy Zeledon, Planning Director (Copy of memo only)
Diane Ayala, Advanced Planning Division (Copy of memo only)
Charity Hernandez, Economic Development
James Caro, Building Department
Raymond Lee, Engineering Department
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Jay Bautista, Traffic/Transportation Manager
Lorena Mejia, Airport Planning
Jeff Tang, Engineering/NPDES
Angela Magana, Community Improvement (Copy of memo only)
Jimmy Chang, IPA Department
Blaine Ishii, Integrated Waste

Revision #2

FROM: Alexis Vaughn, Associate Planner

DATE: May 31, 2023

SUBJECT: FILE #: PUD-22-004 Finance Acct#: PU006

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☑ The plan does adequately address the departmental concerns at this time.

- ☐ No comments
- ☐ See previous report for Conditions
- ☑ Report attached (1 copy and email 1 copy)
- ☑ Standard Conditions of Approval apply

☐ The plan does not adequately address the departmental concerns.

- ☐ The conditions contained in the attached report must be met prior to scheduling for Development Advisory Board.

Landscape Planning Division		Sr. Landscape Architect	6/14/2023
Department	Signature	Title	Date

AIRPORT LAND USE COMPATIBILITY PLANNING
CONSISTENCY DETERMINATION REPORT

ONTARIO AIRPORT PLANNING

Project File No.: PDEV22-027 & PUD22-004

Address: NWC of Euclid Ave and Walnut Street

APN: 1051-271-67, 06 & 66

Existing Land Use: Commercial shopping center with vacant/underutilized buildings

Proposed Land Use: Development Plan to construct 346 multi-family units and 6,000 SF of commercial

Site Acreage: 10.63 Proposed Structure Height: 55 FT

ONT-IAC Project Review: N/A

Airport Influence Area: ONT

Reviewed By: Lorena Mejia

Contact Info: 909-395-2276

Project Planner: Alexis Vaugn

Date: 1/30/2023

CD No.: 2022-051

PALU No.: N/A

The project is impacted by the following ONT ALUCP Compatibility Zones:

Safety	Noise Impact	Airspace Protection	Overflight Notification
○ Zone 1	○ 75+ dB CNEL	☐ High Terrain Zone	☐ Avigation Easement Dedication
○ Zone 1A	○ 70 - 75 dB CNEL	☑ FAA Notification Surfaces	☐ Recorded Overflight Notification
☐ Zone 2	☐ 65 - 70 dB CNEL	○ Airspace Obstruction Surfaces	☑ Real Estate Transaction Disclosure
☐ Zone 3	☐ 60 - 65 dB CNEL	☐ Airspace Avigation Easement Area	
☐ Zone 4		Allowable Height: 200 FT+	
○ Zone 5			

The project is impacted by the following Chino ALUCP Safety Zones:

○ Zone 1 ○ Zone 2 ○ Zone 3 ○ Zone 4 ○ Zone 5 ☐ Zone 6

Allowable Height: _____

CONSISTENCY DETERMINATION

This proposed Project is: ○ Exempt from the ALUCP ◉ Consistent ○ Consistent with Conditions ○ Inconsistent

The proposed project is located within the Airport Influence Area of Ontario International Airport (ONT) was evaluated and found to be consistent with the policies and criteria of the Airport Land Use Compatibility Plan (ALUCP) for ONT.

Airport Planner Signature: Lorena Mejia

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Police Department Prepared By: Matthew Hernandez Staff Member Presenting: Mike Lorenz, Chief of Police Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 12

SUBJECT: ACCEPT AND APPROVE LAW ENFORCEMENT EQUIPMENT GRANT PROGRAM ADDITIONAL AWARD FOR FISCAL YEAR 2022-23

RECOMMENDATION: That the City Council authorize the City Manager or his designee to execute all documents necessary to accept and approve the Citizen's Option for Public Safety (COPS) / Enhancing Law Enforcement Activities Subaccount (ELEAS) Grant for Fiscal Year 2022-23 in the amount of $277,260.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

FISCAL IMPACT: On December 6, 2022, the City Council approved the acceptance of the Citizen's Option for Public Safety (COPS) / Enhancing Law Enforcement Activities Subaccount (ELEAS) grant program for Fiscal Year 2022-23 in the amount of $277,260. The program has since awarded the City an additional $239,261 reallocated from actuals received from the State's Vehicle License Fee (VLF) revenues for Fiscal Year 2022-23. If approved, the associated revenue and expenditure adjustments in the Grants Fund will be presented in the next quarterly budget update.

BACKGROUND & ANALYSIS: Beginning in Fiscal Year 2002-03, the State of California allocated grant monies Citizen's Option for Public Safety (COPS) / Enhancing Law Enforcement Activities Subaccount (ELEAS), formerly known as Supplemental Law Enforcement Services Fund to counties. The County granted those monies to cities for the purpose of supporting front-line law enforcement needs. The California State Department of Finance later announced the actual funding allocation amounts to be awarded to each participating agency under the COPS/ELEAS grant program. The City of Ontario is receiving an additional award of $239,261. If approved, the associated revenue and expenditure adjustments will be presented in the next quarterly budget adjustment.

San Bernardino County
Auditor-Controller\Treasurer\Tax Collector
Management Services Section

INV #: 2023-COPS-GROWTH
INV Date: 09/27/2023

CITIZENS' OPTION FOR PUBLIC SAFETY (COPS)
ENHANCING LAW ENFORCEMENT ACTIVITIES SUBACCOUNT (ELEAS)
FISCAL YEAR 2022-2023
GROWTH STATE PAYMENT DISTRIBUTION AMOUNTS - SEPTEMBER 2023

	Beginning Unpaid COPS Allocation	Current COPS Allocation	Interest Payment	Total Current Distribution	Ending Unpaid COPS Allocation
San Bernardino County District Attorney	$ 527,964.17	$ 527,964.17	$ 340.57	$ 528,304.74	$ -
San Bernardino County Jail Operation (Sheriff)	527,964.17	527,964.17	340.57	528,304.74	-
Frontline Law Enforcement (Including Unincorporated)	3,461,525.35	3,461,525.35	2,232.98	3,463,758.33	-
San Bernardino County Auditor-Controller/Treasurer/Tax Collector	7,302.27	7,302.27	4.70	7,306.97	-
TOTAL DISTRIBUTED	**$ 4,524,755.96**	**$ 4,524,755.96**	**$ 2,918.82**	**$ 4,527,674.78**	$ -
Frontline Law Enforcement Allocation:					
San Bernardino County - Unincorporated	$ 397,222.08	$ 397,222.08	$ 256.41	$ 397,478.49	$ -
Cities & Towns:					
Adelanto*	86,158.96	86,158.96	55.57	86,214.53	-
Apple Valley*	100,639.25	100,639.25	64.91	100,704.16	-
Barstow*	86,158.96	86,158.96	55.57	86,214.53	-
Big Bear Lake*	86,158.96	86,158.96	55.57	86,214.53	-
Chino*	122,423.04	122,423.04	78.98	122,502.02	-
Chino Hills*	103,747.81	103,747.81	66.93	103,814.74	-
Colton*	86,158.96	86,158.96	55.57	86,214.53	-
Fontana*	283,187.95	283,187.95	182.69	283,370.64	-
Grand Terrace*	86,158.96	86,158.96	55.57	86,214.53	-
Hesperia*	133,502.58	133,502.58	86.11	133,588.69	-
Highland*	86,158.96	86,158.96	55.57	86,214.53	-
Loma Linda*	86,158.96	86,158.96	55.57	86,214.53	-
Montclair*	86,158.96	86,158.96	55.57	86,214.53	-
Needles**	86,158.96	86,158.96	55.57	86,214.53	-
Ontario*	238,884.49	238,884.49	154.08	239,038.57	-
Rancho Cucamonga*	232,177.69	232,177.69	149.76	232,327.45	-
Redlands*	96,589.89	96,589.89	62.32	96,652.21	-
Rialto*	138,333.06	138,333.06	89.23	138,422.29	-
San Bernardino City*	293,874.93	293,874.93	189.58	294,064.51	-
Twentynine Palms*	86,158.96	86,158.96	55.57	86,214.53	-
Upland**	105,311.39	105,311.39	67.92	105,379.31	-
Victorville*	181,723.67	181,723.67	117.22	181,840.89	-
Yucaipa*	86,158.96	86,158.96	55.57	86,214.53	-
Yucca Valley*	86,158.96	86,158.96	55.57	86,214.53	-
Total San Bernardino County Unincorporated/Cities/Towns	$ 3,461,525.35	$ 3,461,525.35	$ 2,232.98	$ 3,463,758.33	$ -
Less: San Bernardino County - Unincorporated	(397,222.08)			(397,478.49)	-
Total Cities & Towns	**$ 3,064,303.27**			**$ 3,066,279.84**	$ -

Distribution of Current County Share:	
San Bernardino County District Attorney	$ 528,304.74
San Bernardino County Jail Operation (Sheriff)	528,304.74
Frontline Law Enforcement - Unincorporated	397,478.49
San Bernardino County Auditor-Controller/Treasurer/Tax Collector	7,306.97
Total County Share	**$ 1,461,394.94**
Grand Total Distribution - County/Cities/Towns	**$ 4,527,674.78**

Method of Payment
* Electronic Fund Transfer ** Manual Warrant

For further questions regarding COPS ELEAS allocations, please contact the Office of Auditor-Controller/Treasurer/Tax Collector's Alice Vu, Accountant II at (909) 382-7069 or Alice.Vu@sbcountyatc.gov.

Sincerely,

Shay Younger
Management Services Manager

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Police Department Prepared By: Nicole Alvarez Staff Member Presenting: Mike Lorenz, Chief of Police Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 13

SUBJECT: **ACCEPTANCE OF GRANT AWARD FROM THE U. S. DEPARTMENT OF HOMELAND SECURITY AND THE CALIFORNIA OFFICE OF EMERGENCY SERVICES PROVIDED THROUGH THE FISCAL YEAR 2022 URBAN AREA SECURITY INITIATIVE (UASI) GRANT PROGRAM**

RECOMMENDATION: That the City Council authorize the City Manager or his designee to execute all documents necessary to accept a three-year sub-grant award in the amount of $600,000 from the U.S. Department of Homeland Security and the California Office of Emergency Services provided through the Fiscal Year 2022 UASI Grant Program.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

FISCAL IMPACT: The City, through the Riverside Urban Area Security Initiative (RUASI) grant, has been awarded $600,000 to purchase portable road barriers. The associated grant revenue and expenditure adjustments will be presented in the next quarterly budget report to the City Council. The City is not required to provide matching funds for this reimbursable grant.

BACKGROUND & ANALYSIS: The UASI program provides financial assistance to address multidiscipline planning, operations, equipment, training, and exercise needs unique to high-threat, high density urban areas, and to assist them in building and sustaining capabilities to prevent, protect against, respond to, and recover from threats or acts of terrorism and weapons of mass destruction. The intent of the UASI program is to enhance regional preparedness and expand collaboration efforts.

The RUASI includes the cities of Riverside, San Bernardino and Ontario, and the counties of Riverside and San Bernardino. Projects are recommended for consideration by the RUASI Steering Group and local Approval Authority which are comprised of staff from the three cities and two counties. Recommendations are made based upon the ability to match project benefits the UASI program guidelines, which include a focus on regional coordination and collaboration. The 144 Riverside Regional UASI's recommended projects are then subject to review and approval at the State and Federal levels. The City of Ontario, as a sub-recipient of the Fiscal Year 2022 RUASI Grant,

has been approved to receive $600,000 for the purchase of portable road barriers.

The City is not obligated to continue with these grant programs beyond the equipment's operational life. Upon termination of the programs, Staff will work with the City of Riverside Office of Emergency Services (the designated Riverside Regional UASI Administrative Entity) and the Department of Homeland Security to properly demobilize and surplus the equipment.

Fire Department

Michael D. Moore
Fire Chief

April 20, 2023

VIA ELECTRONIC DELIVERY
William Russell, Lieutenant
City of Ontario Police Department
wrussell@ontariopolice.org
909-408-1921

RE: FY2022 Riverside Urban Areas Security Initiative (UASI) Project Approval

Dear Lieutenant Russell:

The California Office of Emergency Services (Cal OES) has approved the FY2022 Riverside UASI grant application and has authorized commencement of expenditures. The performance period of the grant is 09/01/2022 through 01/01/2025.

During the review process, Riverside UASI and Cal OES staff examined and evaluated your project proposal. As a result of this review, the purchasing and performance milestones identified below will be used by Riverside UASI to 1) determine the appropriate date to disencumber funds awarded under this grant and re-direct those funds to other needs across the RUASI region, and 2) indicate performance and grant management capacity in future competitive project proposals.

You are required to comply with all applicable federal, state, and local Environmental and Historic Preservation (EHP) requirements. Additionally, Aviation/Watercraft requests, Establish/Enhance Emergency Operations Center projects, projects requiring EHP review, and noncompetitive procurement requests require additional approval from Cal OES. Written requests must be approved for these activities prior to incurring any costs, in order to be reimbursed for any related costs under this Project Approval. Sub-recipients are also required to obtain a performance bond prior to the purchase of any equipment item over $250,000, including any aviation or watercraft financed with Homeland Security dollars.

Following completion of the Post Award Actions listed below, this letter will serve as your authorization to begin spending against your approved projects. Please remember that any modifications to your project will require pre-approval by both Riverside UASI and Cal OES prior to incurring any costs.

Post Award Actions:

The following actions are required prior to incurring any costs against your project(s):

1. Attend Sub-Recipient Workshop
2. Executed Memorandum of Understanding (MOU) with City of Riverside / Riverside UASI
3. Executed Grant Assurances
4. Executed Certificate of Non-Supplanting

5. Executed Certificate of Debarment
6. Executed Grants Management Assessment Form
7. Executed Grant Face Sheet
8. Performance Bond(s) as required
9. EHP(s) as required
10. Noncompetitive Procurement Request(s) as required
11. Controlled Equipment as required

This grant is subject to all provisions of 2 CRF Part 200, Subpart F – Audit Requirements. Any funds received in excess of current needs, approved amounts, or those found owed as a result of a final review or audit, must be refunded to the Riverside UASI within 30 calendar days upon receipt of an invoice.

Project: Enhancing Protection of Soft Target/Crowded Places – Mobile Crash Barrier Traffic Control $600,000

Milestones:

6 month mark	5% complete	03/01/2023
12 month mark	25% complete	09/01/2023
18 month mark	50% complete	03/01/2024
24 month mark	65% complete	09/01/2024
28 month mark	85% complete	01/01/2025

Please note that your Department Head or Agency Director's signature is required on this letter. Sign and return the original to our office within ten days of receipt and keep a copy for your grant file. Feel free to contact our office for further assistance.

Please refer to your Sub-Recipient Grant Guide for additional information, forms, and guidance. I look forward to working with you and to the success of your project.

Sincerely,

Mark Annas
Program Administrator

Riverside Fire Department
Office of Emergency Management / UASI Program
3085 Saint Lawrence Street
Riverside, CA 92504
(951) 320-8103

_____ _____

Mike Lorenz, Chief of Police
City of Ontario Police Department

Date

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Police Department Prepared By: Matthew Hernandez Department: Prepared By: Matthew Hernandez Staff Member Presenting: Mike Lorenz, Chief of Police Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 14

SUBJECT: AUTHORIZE A SOLE SOURCE PURCHASE OF A PUBLIC SAFETY VEHICLE FROM LDV INC.

RECOMMENDATION: That the City Council approve and authorize the City Manager or his designee to execute all documents necessary for the sole source purchase of a Public Safety Vehicle from LDV Inc., of Burlington, Wisconsin, in the amount of $500,030.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

FISCAL IMPACT: Appropriations for a Public Safety Vehicle for a total not-to-exceed amount of $500,030 will be included in the DOJ Asset Seizure Fund in the next quarterly budget adjustment for Fiscal Year 2023-24.

BACKGROUND & ANALYSIS: The Police Department is dedicated to enhancing operations with state-of-the-art equipment to reduce violence in the City. The goal is to increase the organization's capacity in situations that require negotiations by utilizing a multi-purpose vehicle to assist the department with tactical operations.

LDV Inc. is the largest supplier of custom specialty vehicles in North America with more than 20,000 vehicles delivered since 1977. LDV Inc. has built units for some of the nation's most respected police departments, sheriff's offices, fire departments, Federal agencies, utilities, insurance companies, hospital groups, and commercial clients. LDV Inc. has successfully delivered over 175 vehicles to CA since 1995. This experience allows LDV Inc. to focus on continuous improvements including innovative designs, materials, and technologies to improve user experience and vehicle performance.

LDV Inc. has a current contract with the Houston-Galveston Area-Council (H-GAC), an organization of which the City of Ontario is a member. H-GAC maintains a Cooperative Purchasing Program, known as HGACBuy, and provides a list of Contractors whose pricing has been subjected to either a

competitive bid (IFB) or competitive proposal (RFP) process. Use of HGACBuy for purchases by any Member is strictly at the discretion of that entity. Members must issue their purchase orders and pay the HGACBuy Contractor directly. City Council approval will allow the City to acquire a Public Safety Vehicle from LDV Inc. at a competitive price established by HGACBuy.

180 Industrial Drive
Burlington, WI 53105 USA

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Direct: +1 (262) 763-0147
www.ldvusa.com

PRELIMINARY
SPECIFICATIONS FOR:

ONTARIO PD (CA)

Hostage Negotiation Vehicle

LDV PROPOSAL # C26HNT-35108-23

DATE
August 17, 2023 REV 9
~~June 5, 2023 REV8~~
~~May 31, 2023 REV7~~
~~May 24, 2023 REV6~~
~~May 23, 2023 REV5~~
~~January 25, 2023 REV4~~
~~November 23, 2021 REV3~~
~~September 13, 2017 REV2~~

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PRICING PAGE: (HGAC contract AM10-23)

Total price per unit as specified, FOB Origin	$468,132.00
Discount amount	-$17,321.00
HGAC discounted price for 1 unit as specified	$450,811.00

Contract Administration Fee - HGAC	$1,000.00
HGAC discounted price for 1 unit as specified with Contract Admin Fees	$451,811.00
Delivery charge to Ontario (CA)	$7,986.00
Total price per unit	$459,797.00

BREAKOUT COST FOR STREET SIDE TV'S AND COMPARTMENTS:
Includes four (4) Samsung 32" TVs, two (2) exterior TV compartments, four (4) HDMI ports for TVs, two (2) GFCI duplex outlets, two (2) dual USB charging ports, and one (1) awning. $30,026.00

Delivery terms: Ask your Sales Representative.

Payment Terms: Net 30.

Quote is firm for 90 days from specification date.

Quoted price does not include any applicable FET, federal, state or local tax unless specified.

Sales Tax 8.75% (LDV does not collect sales tax. Tax to be paid by customer.) $40,232.24

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Item	Qty	
1.00		**CHASSIS:**
1.01	1	2024 Ford Commercial Cutaway E-450 Super Duty, 176" WB, DRW, rear wheel drive, 14,500 GVWR with rear spring suspension. Powertrain: • Engine: 7.3L V8 gas • Transmission: 6-Speed Automatic w/OD • 4.56 Axle Ratio Wheels & Tires: • Tires: LT225/75R16E BSW AS • Wheels: 16" x 6" White Painted Steel Seats & Seat Trim: • Dual High Back Buckets • Vinyl Seat Trim Other Options: • Traction Control • Extra Heavy-Duty 210-Amp Alternator • Heavy-Duty 78-Amp Battery • Telescopic Trailer Tow Mirrors w/Flat Lens • Instrument Panel Electronic Message Center • Power Windows & Locks Group • Cruise Control • Radio: AM/FM Stereo w/Clock Display & 2 Speakers. Includes Bluetooth capability and USB input. • User-Defined Switches – Includes 4 upfitter switches on the instrument panel • 50 State Emission System- Tier 2 Bin 8 emissions
1.02	1	Spring upgrade installed on rear suspension.
1.03	1	Federal Signal Back-up alarm model 210331.
1.04	1	US DOT triangle reflector kit with three (3) triangles, for compliance with FMCSA regulations. Includes plastic storage case. Kit will be shipped loose in the vehicle.
1.05	1	Route horizontal exhaust to streetside.
2.00		**BODY:**
2.01	1	Load space area shall be 83" high x 93" wide x 16' long custom dry van body with the following: • Aerodynamic cap on front bulkhead unit with sliding door access to cab. • One (1) 32" wide x 78" high sedan door with fixed window • FRP front wall • Aluminum .040 walls. • 1 ½” Alum. I Beams on 16" centers. • Aluminum roof • 1-1/8" tongue & groove plywood floor. • 18” steel treadplate full step bumper. • LED Rear break, turn, and 4 back-up lights
2.02	1	Exterior heavy-duty fluted aluminum grab handle with rubber inserts and chrome plated stanchions installed at entry door.

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Item	Qty	
2.03	1	Interior heavy-duty fluted aluminum grab handle with rubber inserts and chrome plated stanchions installed at entry door.
2.04	1	Automatic LED courtesy light at entry door.
2.05	1	Courtesy light defeat switch.
2.06	1	Back-up alarm defeat switch on dash.
2.07	1	Lippert Treadlite 30" wide - single - automatic electric steel entry step mounted under entry door. Product features: • Automatic LED ground light • Hold/Cycle switch that allows step to remain extended unless ignition is turned on. **NOTE:** Step light will be tied into courtesy light defeat.
2.08	1	Entire underside shall be undercoated. Includes floor extrusions, step wells and aluminum compartments.
3.00		**PAINT / GRAPHICS:**
3.01		Body and Cab paint base color shall be single color nonmetallic paint from the roof line down. **NOTE:** Color to be blue. Color code to be submitted at the time of order.
3.02	1	4-inch wide reflective stripe on the exterior back and sides of the vehicle.
3.03	1	Custom computer-generated non-reflective vinyl graphics per customer specifications. Includes up to seventy 8"-10" letters and up to forty-five 3"-6" letters. All lettering can be shaded or outlined.
4.00		**GENERAL INTERIOR SPECIFICATIONS:** • Wall Covering: #66 Silver Smooth FRP in the front room, carpet in the rear room (color TBD) • Ceiling Fabric: Silver Mist • Floor Covering: #150 Onyx PVC Flooring • Office Chairs: Black • Vinyl Coverings: #WH1-2140 Whisper Black • Cabinets: Charcoal Gray Powder Coated Aluminum • Counters and Tables: #4880-38 Carbon Mesh Note: Manufacturer reserves the right to substitute equivalent materials.
5.00		**DRIVER / PASSENGER CAB AREA:**
5.01		Cab Area Additions: • Vehicle height sign on dash. • Vehicle shall have a Final Stage Vehicle Certification and Altered Vehicle Certification as required by Federal Motor Vehicle Safety Standards (FMVSS) 49 CFR Part 567.5 and 567.7 • Payload sticker in cab area with vehicle axle load ratings and available axle payload as built.
5.02	1	Custom fabricated console in cab, for locating siren controller, police radio and/or other controls as specified elsewhere in this document.
5.03	1	Color back up camera system with 7" LCD monitor and day/night camera. Camera includes a microphone for audio commands from a spotter to the driver during backing operations.

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6.00		**WALLS, CEILING AND FLOOR:**
6.01		Install wood furring strips on interior body side posts and roof supports to provide space for the installation of insulation, conduit and electrical boxes.
6.02		Insulate walls with a minimum of 2-1/2" of fiberglass insulation. Cover interior body side posts with 1/2" plywood sub wall.
6.03		Cover sub wall with smooth finish Kemlite 0.075" fiberglass reinforced plastic (FRP) lining. Wall covering shall be a continuous piece front to back, no seams acceptable. **NOTE:** FRP walls in the front room.
6.04		Cover sub wall with ribbed loop pile carpet. **NOTE:** Carpeted walls in the rear room.
6.05		Insulate ceiling with a minimum of 2-1/2" of fiberglass with an R-11 rating. • Cover interior roof beams with 1/2" plywood. • Modular panel design allows for manageable future additions and repairs. • Plywood Panels covered in acoustical fabric.
6.06		Floor underlayment to be 5/8" exterior grade tongue and groove structural plywood, 6 ply, face veneer plugged and sanded.
6.07		Lonseal Loncoin II Flecks non-skid commercial grade PVC flooring. The flooring shall be continuous, one piece full length, full width, no seams.
6.08		Vinyl cove molding (mop board) at base of wall, 2-1/2" high. Installed where required.
6.09	1	Flush pocket door installed on heavy-duty aluminum c-channel track with two (2) three-wheel roller trucks and soft open/close feature. Pocket door shall have recessed handle and magnetic closure to keep the door open/closed.
6.10	1	Tinted window in pocket door.
6.11		All bulkheads shall be covered with Kemlite 0.075" FRP. Trim exposed edges of bulkheads with rounded anodized aluminum trim where applicable.
6.12	1	Tinted window in pocket door.
7.00		**GALLEY / LAVATORY:**
7.01	1	Microwave oven. Sharp 1.1 cu.ft. 1000-watt Model SMC1131CB.
7.02	1	Norcold NR751B AC and DC powered refrigerator with the following features: • 2.7 cu. ft. capacity. • Freezer shelf for ice cube tray. • Door bin holds 2-liter containers. • Integrated door latch. • 120/230Vac 50/60 Hz and 12/24 Vdc
8.00		**SEATING:**
8.01	4	HON Basyx HVL210 pneumatic task chair with five-star caster spider base, adjustable height and no armrests.
8.02	4	Securement strap with buckle installed under counter to secure office chair.
8.03		Fabricate and install fixed bench seating with removable cushions as shown on drawing. Bench seat cushions shall be covered in heavy-duty vinyl.

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Item	Qty	
8.04		**BENCH SEAT REQUIREMENTS:** • Foam for seat backs and bottoms shall be firm density. • All bench seating material must meet Federal Motor Vehicle Safety Standards part 571.302 Flammability of Interior Materials. • Material corners shall be squared or angled to fit precise cut of foam. • Foam shall be bonded to plywood backer with industrial grade adhesive. • Attachment of fabric/vinyl to backer shall utilize industrial grade upholstery staples.
9.00		**CABINETS:**
9.01		Custom fabricated aluminum cabinets located as shown on drawing. Cabinet specifications: • Base cabinets constructed of 0.080" powder coated aluminum with anodized aluminum frames. • Base cabinet doors are double shell, formed from a single sheet of 0.080" aluminum, with a 0.040" aluminum door back attached. • Overhead cabinets constructed of 0.064"powder coated aluminum with anodized aluminum frames. • Overhead cabinet doors are double shell, formed from a single sheet of 0.064" aluminum, with a 0.040" aluminum door back attached. • Overhead cabinet doors swing up with gas spring lift supports.
9.02		Radius edging incorporated as design permits.
9.03	6	Dry erase writing surface on overhead cabinet door.
9.04	5	LED light under overhead cabinet.
9.05	1	Slide-out printer tray.
9.06	2	Magnetic dry erase board framed in aluminum. Includes aluminum clip frame for easy board replacement, sized as required.
9.07	3	Aluminum box pan shelf, up to 24” wide.
9.08		Heavy B-Line steel channel fastened to bulkheads for shelf support.
9.09		Countertops shall be covered in 0.040" Wilsonart laminate. All exposed edges shall be covered with heavy duty flexible PVC T-molding.
9.10		Countertops shall be covered in 0.040" Wilsonart laminate. All exposed edges shall be covered with heavy duty flexible PVC T-molding. Create custom cutout into table to accommodate a recessed HNT case per the drawing and customer specifications.
9.11	2	Pencil drawer under countertop.
9.12	1	Install a key display board inside overhead cabinet and clearly tag all keys for the vehicle as to their purpose.
9.13		Custom fabricated console to house electrical distribution components and control panels.
10.00		**HVAC SYSTEM:**
10.01	1	Ducted low profile rooftop air conditioner with wall mounted thermostat. Includes: • 13,500 nominal Btu/hr air conditioner with condensate pump. • Chill Grille Assembly with 6,000 Btu/hr heat strip • Louvered Ceiling Vents, as required
10.02	1	Duct air conditioner through pocket door header with surface mounted duct. Duct to be covered with ceiling fabric.

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Item	Qty	
10.03	1	5,800-12,000 Btu/hr direct discharge, 12Vdc powered, gasoline-fired furnace with individual thermostat control. Exhaust shall be routed to the street side.
10.04	1	Duct heater through pocket door bulkhead wall.
11.00		**AC ELECTRICAL SYSTEM:**
11.01	1	Onan Commercial QG EFI 7000 7kW 120/240 volt AC generator HGJAD-2141 mounted in custom fabricated all aluminum compartment. Product features: • Sound rating at 10 ft (3 m) full load: 70 dB(A) • Cummins Onan OHV engine • Overspeed/underspeed protection • Fuel consumption is as follows: 50% load = 0.73 GPH, full load = 1.22 GPH Compartment shall be constructed to the following specifications: • Compartment shall be constructed from 0.187" aluminum with all welded seams. • Compartment shall have 0.125" aluminum 2" box pan door and 0.125" aluminum frame. • Door frame shall be riveted to the body and welded to the compartment. • Door shall have stainless steel hinge attached to the door and door frame with stainless machine screws. • Door shall be sealed with industrial grade neoprene gasket. **NOTE:** Generator exhaust shall be routed to the street side of the vehicle.
11.02	1	120/240Vac electrical control panel with the following features: • 60A generator and 30A shore power main breakers • Six (6) AC UL listed magnetic/hydraulic branch circuit breakers with LED indicators • Digital AC voltmeter • Generator stop/start switch, generator hour meter • Shore power reverse polarity indicator
11.03	1	Marinco 30A-125Vac waterproof shore power inlet, 50-ft. 30A-125Vac shore power cord, 6-ft. 30A-125Vac pigtail.
11.04	5	20A-125Vac duplex receptacle with dual USB [Type A] charging ports. Receptacle is not dedicated to any installed equipment. **NOTE:** One (1) at each workstation.
11.05	4	20A-125Vac GFCI duplex receptacle. These receptacles are not dedicated to any installed equipment. **NOTE:** One (1) located in each exterior TV compartment and one (1) above refrigerator.
11.06		Wire chase wire management raceway system located as shown on drawing. Product features: • Satin anodized finish. The finish resists rust, corrosion and fading. Material extruded from 6063-T5 aluminum alloy. • Removable dual cover. Makes wiring easy and accessible and provides maximum flexibility for adding or relocating outlets and circuits. The cover retention is 45 lbs. straight pull for one minute.

LDV
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Item	Qty	
		• UL Listed multioutlet assemblies. File E68073 Guide PVGT, Fittings: File E121188 Guide RJPR. Meets Article 380 of NEC and meets Section 12-3032 of CEC. • UL and cUL Listed component raceways. File E73943 Guide RJBT, Fittings: File E74343 Guide RJPR. Meets Article 386 of NEC and meets Section 12-600 of CEC. • UL5 and ADA compliant. Raceway and fittings meet UL5 specifications and can be installed in conformance with ADA requirements
11.07		**AC WIRING REQUIREMENTS:** • All AC main wiring shall be stranded THHN wire and run in non-metallic liquid tight conduit. • All AC branch circuit wiring shall be stranded THHN wire (AWG 12 minimum) and run in non-metallic liquid tight and ENT conduit. • All electrical circuits and appliances shall conform to applicable national electrical codes.
12.00		**DC ELECTRICAL SYSTEM:**
12.01		• Two (2) 6Vdc Absorbed Glass Mat (AGM) batteries. The batteries will be separated from the chassis batteries for auxiliary equipment. • Two (2) electronic converter/chargers, 60-amp minimum output each. Converter/charger features: • Charges three banks of batteries at the same time. • UL listed for safety. • Manual reset circuit breaker. • Reverse battery protection. • Electronic current limiting. • High voltage protection. • 12Vdc control panel with seven (7) UL listed magnetic/hydraulic circuit breakers with red LED indicators, 12Vdc digital voltmeter, and 12Vdc low voltage alarm. • 12Vdc auxiliary panels with UL listed magnetic/hydraulic circuit breakers as required.
12.02	1	Battery combiner automatically combines the battery banks during charging and isolates when no charging sensed on either bank. A three position control switch allows an operator to manually combine or separate batteries, to jump start engine or troubleshoot a failure.
12.03	1	Dual Auxiliary Battery Disconnect System. Enables auxiliary battery disconnect to be activated from cab or load space area.
12.04	8	Light, Orion 6" LED, neutral white with polished bezel.
12.05	4	Light, Orion 6" LED, neutral white / red with polished bezel.
12.06	6	Whelen 900 Series Super LED Scenelight 9SC0ENZR (or current model) includes chrome plated flange.
12.07	3	12VDC dual USB power port. **NOTE:** One (1) located in each exterior TV compartment.
12.08		**12VDC WIRING REQUIREMENTS:** • 2-gauge minimum copper stranded battery cable shall be used for 12Vdc main supply lines. All cable runs shall be full length, no splices. All cable terminals shall be staked and soldered. All cable shall be enclosed in convoluted polyethylene tubing and the ends of the cable shall be sealed with color-coded shrink-wrap identifying the function of the cable.

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Item	Qty	
		• All added electrical branch circuits shall be protected from over-current by resettable circuit breakers appropriately rated for the load. Only circuit breakers shall be used in the installation of added electrical branch circuit wiring (plug type fuses are unacceptable). • Circuit breaker functions shall be identified by engraved or printed labels. • All added wiring for load runs of AWG 10, 12, 14, and 18, shall conform to MIL-W-16878/2 and/or UL1007/1569" • All added wiring for load runs of AWG 8, shall conform to MIL-W-16878/3 and/or UL1028 • Wire terminals for added circuits must conform to MIL-T-7928. Terminals shall be insulated, insulation grip, TYPE II, CLASS 2 and shall be crimped with tooling recommended by the terminal manufacturer. • All wiring shall be numbered or lettered on 6" centers minimum. • Wiring shall be protected from chafing and abrasion with convoluted polyethylene tubing (wire loom) as required. • Where wire passes through sheet metal, bulkheads and structural supports, plastic grommets shall be used to protect both wiring and wire looms. • All wire bundles shall be tied with trimmed nylon ties. • Extreme care shall be exercised to provide for easy serviceability of the system in future years. • Extreme care must be taken in the installation to avoid the engine manifold, engine exhaust, and muffler, which could expose the wiring to severe overheating during long periods of operation. Proper insulation and heat deflection panels must be installed in such areas. • A high-current 12Vdc system wiring schematic shall be provided. • These are the minimum acceptable 12Vdc wiring requirements.
13.00		**EMERGENCY LIGHTING / SIRENS:**
13.01	1	Whelen 295HFS6 siren with 9 high current switches for lighting controls **NOTE:** Slide Bar Positions Control: 1. Rear (Upper and Lower) 2. Rear (Upper and Lower), All Upper, Front Wall or "Light bar" 3. All
13.02	1	Whelen SA315P high performance, multi-port 100 watt speaker with Whelen SAK1 mount.
13.03	1	Whelen TLIR ION-T- Series™ Linear Super-LED® Red with clear outer lens & TIONFC chrome flange. **NOTE:** Grill
13.04	1	Whelen TLIB ION-T- Series™ Linear Super-LED® Blue with clear outer lens & TIONFC chrome flange. **NOTE:** Grill
13.05	5	Whelen M6 series, M6RC (or current model), Linear Super-LED lighthead with internal flasher, RED LED's with CLEAR outer lens. Includes M6FC chrome flange.
13.06	5	Whelen M6 series, M6BC (or current model), Linear Super-LED lighthead with internal flasher, BLUE LED's with CLEAR outer lens. Includes M6FC chrome flange.

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Item	Qty	
13.07	3	Whelen M9 series, M9RC, Linear Super-LED lighthead with internal flasher, RED LED's with CLEAR outer lens. Includes chrome flange.
13.08	3	Whelen M9 series, M9BC, Linear Super-LED lighthead with internal flasher, BLUE LED's with CLEAR outer lens. Includes chrome flange.
14.00		**AUDIO / VIDEO:**
14.01	2	LG 24" Black 720P LED HDTV - 24LM530S-PU Features: • 720P resolution • (2) HDMI inputs • (2) Speakers **NOTE:** Locations: One at each forward workstation.
14.02	6	Samsung 32" QLED TV QN32Q60AAFXZA with wall mount bracket. Product features: • Resolution 4K • (3) HDMI, (2) USB • (2) Speakers • DTV Tuner/ATSC / Clear QAM • Dimensions: 28.5"(W) x 16.8"(H) x 1.2"(D) Weight 11.7lbs **NOTE:** Locations: • One (1) in the rear room • Four (4) in the street side exterior TV compartments • One (1) in the curb side exterior TV compartment
14.03	1	Weatherproof single door exterior work station and TV/monitor compartment. Constructed from 0.125" aluminum with all welded seams and hinged at the top. Includes: • Internal flip down work surface • LED strip light (illuminates when door is opened) • Gas charged lift support and locking latch **NOTE:** Location: One (1) curb side
14.04	2	Exterior surface mounted compartment to house two exterior TVs. Door to be constructed from 0.125" aluminum with all welded seams, hinged at the top. Product features: • Gas charged lift supports and locking latch. • Internal flip down work surface • Installed and Painted to match body. • Does not include monitors. **NOTE:** Locations: two (2) street side compartments. The following equipment will be installed in each exterior TV compartment: • Two (2) 32" TVs • Two (2) HDMI inputs (one to each TV) • One (1) 120-volt GFCI outlet • One (1) dual USB charging ports

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Item	Qty	
14.05	1	JACK® model OA8500 Digital HDTV Antenna + Mount with SureLock™ DTV Signal Meter. No crank up, built in Amplifier and 360° rotation for improved reception.
14.06	8	HDMI input jack, wall plate and cable. **NOTE:** One (1) HDMI jack inputted into each TV, interior and exterior.
14.07		All RF cable for DSS antenna systems (when specified) shall be Belden #9116 series 6 broadband coaxial cable. All other video cabling shall be Belden #1505A RG-6/U precision video cable.
15.00		**RADIOS:**
15.01		12Vdc power leads for communications radios to be 8-gauge copper stranded wire with crimp-on end connectors. Power to radios to be controlled by auxiliary battery disconnect switch.
15.02	1	Prewire and make installation provisions for customer installed radio. Installation includes: • Two (2) Antenna Runs from the roof to radio location. These runs will each have an NMO-style base on the antenna raceway and have LMR195 antenna cable routed to radio location in Carlon Carflex ENT conduit. • One (1) 12Vdc power block located at the radio location.
15.03		Install hinged panels under countertops to conceal radio transceivers where applicable.
16.00		**COMPUTER NETWORK AND EQUIPMENT:**
16.01	6	RJ-45 Cat6 computer network jack with Cat6 cable routed through Carlon Flex-Plus ENT conduit or raceway (as applicable). **NOTE:** Locations: (1) at each workstation 1-4, (1) at printer, (1) in the exterior TV compartment.
16.02	1	Leviton 69270-U24 24-port Cat6 rack mount patch panel. **NOTE:** Location: Exterior TV box.
16.03	1	Cable Certification Report confirming that network wiring complies with Cat6 specifications.
16.04	1	Allied Telesis AT-GS950/24-10 24-port 10/100/1000T Unmanaged Gigabit Switch. Product features: • Wirespeed performance • Auto-negotiation Gigabit ports • Auto MDI/MDIX on TX ports • Transparent to VLAN packets • Full duplex flow control
16.05	1	ASUS Wireless-N300 3-in-1 Router/AP/Range Extender. • Multiple 3-in-1 Router/Access Point/Range Extender wireless modes • 2 detachable 5 dBi antennas for more powerful and wider coverage • 4 SSIDs help manage bandwidth allocation and access control
16.06	1	HP Color LaserJet Pro Multi-Function Printer (MFP) M479FDW Product features: • Black/white or color print, copy, scan, and fax capable • 1 Hi-Speed USB 2.0; 1 host USB at rear side;Gigabit Ethernet 10/100/1000BASE-T network; 802.3az(EEE) 802.11b/g/n / 2.4 / 5 GHZ Wi-Fi radio • Dimensions (W X D X H) 16.8 x 25.7 x 16.3 in; 51.6 Lbs.

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Item	Qty	
17.00		**MISCELLANEOUS ELECTRONICS:**
17.01	1	Install cabling for customer owned HNT system.
17.02	1	Hannay model AVC 16-10-11-DE manual cord reel for throw phone cable.
17.03	1	Hannay model AVC 16-14-16-DE manual cord reel for throw phone cable.
17.04	1	Cast Products EB00013-1 (or current model) cast aluminum box with key lock. The rear of the box will be removed to allow cables to be passed into the vehicle.
17.05	1	Shroud with weatherproof pass-through hatch installed in the door of the input box.
18.00		**EXTERIOR STORAGE COMPARTMENTS:**
18.01	1	Storage compartment with approximate interior dimensions of 24" high x up to 46" wide x 25" deep constructed from 0.1875 " aluminum with all welded seams. **NOTE:** Compartment for cable reels.
18.02		Compartments listed above will be constructed to the following specifications: • Sweep out type bottoms with 1/2” drain holes. • 2" box pan doors and door frames fabricated from 0.125" aluminum. • Door frames shall be riveted to the body and welded to the compartments. • Compartments shall have an LED light that illuminates when the door is opened. Compartment doors will be constructed to the following specifications: • Stainless steel hinges attached with stainless machine screws. • Slam latches and flush mounted handles. • 0.100" bright polished aluminum diamond plate on interior surfaces fastened with stainless hardware. • All doors shall be sealed with industrial grade neoprene gasket.
19.00		**MISCELLANEOUS OTHER:**
19.01	2	Dometic 9500E lateral arm 12V power awning (up to 15ft) with the following features: • 5- to 15-degree pitch adjustment • Durable 4-ply vinyl fabric resists fading, scratching and staining • Case’s brush seal cleans and seals the fabric for storage and long life
19.02	1	Quadra MFG. Inc. Big Foot™ Heavy duty, four point, fully automatic one-touch leveling system for Ford E450.
19.03	1	Set of four (4) Super Dolly Pads high density polypropylene, injection molded yellow colored for use with leveling system jacks. Pads measure 15” x 17” x 1” thick with a grab strap on one side.
19.04	1	5 pound dry chemical fire extinguisher.
19.05	2	Battery powered combination Carbon Monoxide and Smoke alarm.
19.06	1	Complete manual set, including the following (as applicable): • As-built specifications with interior and exterior drawings as used for production of the vehicle. • Chassis and body owner's manuals. • 12Vdc and 120Vac legends showing wire gauge, color, number and function. • 12Vdc high current wiring diagram illustrating the battery system, isolators, power converters, alternator, disconnect switches and control panels. • Roof top antenna placement drawing and legend identifying antenna placements and termination points.

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Item	Qty	
		• Audio/Video cabling diagram. • Chassis and generator maintenance and service logs. • Battery maintenance information. • All individual component manuals and warranty registration cards as provided by component manufacturers. Customer is responsible for completing warranty cards and mailing them to manufacturers.
19.07	1	TRAINING. An LDV representative will provide up to four (4) hours of orientation on LDV provided systems, as applicable: • Generator start up and shut down procedure • Leveling system operation • AC and DC electrical systems operation • HVAC systems operation • Mast operation • Audio/Video system operation, does not include programming DVR's, TV's, etc. • Alarm operation • Awning operation
19.08		LDV warranty of one (1) year/12,000 miles, whichever comes first, for manufacturer's defects in materials and workmanship. Refer to LDV warranty statement for details of warranty coverage.
19.09		Note: Project scope does not include certain tasks or costs that are the responsibility of the customer unless clearly specified as LDV supplied. These items include, but are not limited to: • Radio and telephone system programming. • Activation and service fees for cellular telephones, satellite telephones, satellite TV, satellite internet access. • Loading and configuring computer software. In the event of a discrepancy between the drawing and specification, the specification will supersede. LDV reserves the right to make substitutions of equal quality and specifications of those listed in this document. Some component models change frequently. In the event that a specified component model becomes unavailable at the time LDV attempts to source it, LDV will provide a replacement model with equivalent or better features, as agreed upon with the customer.

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Housing Prepared By: Katryna Gonzalez Staff Member Presenting: Helen McAlary, Executive Director Community Life and Culture Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 15

SUBJECT: **ACCEPTANCE OF STATE OF CALIFORNIA HOMELESS HOUSING, ASSISTANCE AND PREVENTION ROUND 3 (HHAP-3) FUNDING ADMINISTERED BY THE COUNTY OF SAN BERNARDINO TO RAPIDLY REHOUSE HOMELESS FAMILIES AND INDIVIDUALS**

RECOMMENDATION: That the City Council accept $135,000 in HHAP-3 funding to provide eight households that are homeless in the west valley of San Bernardino County with move-in costs and up to six months' rent assistance and services to stabilize their housing.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

FISCAL IMPACT: The $135,000 contract amount includes $121,500 to fund rent assistance and security deposits, and $13,500 for the coordination of services. There is no local match requirement and no impact on the City's General Fund.

BACKGROUND & ANALYSIS: The San Bernardino City & County Continuum of Care (SBC CoC) was allocated funding by the State of California, Homeless Coordinating and Financing Council in the Business, Consumer and Housing Agency, hereinafter called State, under the Homeless Housing, Assistance and Prevention Round 3 (HHAP-3) Program authorized by AB 140 (Health & Safety Code § 50218.6, et seq.), which was signed into law by Governor Gavin Newsom on July 19, 2021. On April 24, 2023, the San Bernardino County Office of Homeless Services (OHS) released a Request for Applications that included $2,590,844.87 for regional proposals. Of that allocation, $350,901 was reserved for proposals in the West Valley region, encompassing Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, Upland, and the surrounding unincorporated communities.

On May 17, 2023, the City of Ontario submitted an application for $150,000 to provide Rapid Rehousing rental assistance and services to assist homeless families and individuals. This application was coordinated with a complementary application submitted by the City of Montclair to provide temporary housing. The City of Ontario submission received the highest score for the West Valley region; however, due to the demand for funding, was reduced to $135,000.

The HHAP-3 Rapid Rehousing Program will provide up to 100% of the monthly rental payment for eligible households for no more than $15,000 per household and for no longer than six months. Each participating household will enter into a one-year lease and must demonstrate their ability to assume the entire month's rent when the HHAP-3 assistance ends. Housing Services Department Staff will evaluate applications referred via the Coordinated Entry System. Staff will guide eligible applicants in their housing search and offer budgeting and planning assistance services. Program participants will also be referred into the San Bernardino County Workforce Development Program to improve employment options and increase income.

The target population for this program will be recently homeless households in the West Valley cities that can support their rental payments beyond six months. This program provides lower-income households the financial support they need to stabilize their household income and housing situation. Priority will be given to households that have become homeless in the last year, have a member with a disability, or is a Veteran household unable to be served by other Veteran housing programs. Program participants may opt to move to a unit within the West Valley region of San Bernardino County.

Once the contract is executed, program outreach to obtain referrals will begin immediately, with a goal of moving six households into housing by January 2024, and the remaining two households before March 30, 2024. This pacing will enable the program to meet the County requirements to expend 50% of HHAP-3 funds by May 31, 2024.

Staff recommends approval of the contract which will be executed upon San Bernardino County Board of Supervisors approval.

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY

Contract Number

SAP Number

Community Revitalization
Office of Homeless Services

Department Contract Representative	Carrie Harmon
Telephone Number	(909) 382-3983
Contractor	City of Ontario
Contractor Representative	Katryna Gonzalez
Telephone Number	(909) 395-2322
Contract Term	October 3, 2023–June 30, 2026
Original Contract Amount	$135,000
Amendment Amount	N/A
Total Contract Amount	$135,000
Cost Center	6210002479

IT IS HEREBY AGREED AS FOLLOWS*:*

WHEREAS, the San Bernardino County Continuum of Care (SBC CoC) has been allocated funds by the State of California, Homeless Coordinating and Financing Council in the Business, Consumer and Housing Agency, hereinafter called State, under the Homeless Housing, Assistance and Prevention Round 3 (HHAP-3) Program authorized by AB 140 (Health & Safety Code § 50218.6, et seq.), which was signed into law by Governor Gavin Newsom on July 19, 2021; and

WHEREAS, the San Bernardino County (County) Office of Homeless Services, hereinafter referred to as OHS, is the Administrative Entity authorized to act on behalf of the County to administer HHAP-3 as designated by the SBC CoC, the eligible recipient of HHAP-3 funding; and

WHEREAS, the SBC CoC conducted a competitive process to find the City of Ontario (Contractor) to provide these services, and

WHEREAS, Contractor has the required qualifications, experience and expertise to provide services and is willing to use State funds to serve individuals and families experiencing homelessness; and

WHEREAS, the County desires that such services be provided by Contractor and Contractor agrees to perform these services as set forth below;

NOW, THEREFORE, the County and Contractor mutually agree to the following terms and conditions:

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ATTACHMENTS

EXHIBIT I – HHAP-3 AWARD BY CATEGORY

EXHIBIT 2 – SCOPE OF WORK

EXHIBIT 3 – HHAP-3 REPORTING REQUIREMENTS

EXHIBIT 4 – HMIS CLIENT DATA REPORT SAMPLE

EXHIBIT 5 – HMIS DATA QUALITY REPORT

EXHIBIT 6 – CALIFORNIA WELFARE AND INSTITUTIONS CODE SECTION 8255

EXHIBIT 7 – HHAP-3 EXPENDITURE REPORT

A. DEFINITIONS

A.1 Administrative Entity: A unit of general-purpose local government (city, county, or a city that is also a county) or nonprofit organization that has (1) previously administered federal Department of Housing and Urban Development (HUD) Continuum of Care (CoC) funds as the collaborative applicant pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations, and (2) been designated by the CoC to administer program funds.

A.2 Case Management: The coordination of community-based services by a professional team to provide people the quality health care that is customized accordingly to an individual's setbacks or persistent challenges and aid them to their recovery. In addition, it can be defined as a collaborative process that assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet the client's health and human service needs.

A.3 Continuum of Care (CoC): The group organized to carry out the responsibilities required under this part and that is composed of representatives of organizations, including nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons to the extent these groups are represented within the geographic area and are available to participate.

A.4 Continuum of Care (CoC) Service Providers: A network of Community Based Organizations partnered with the SBC CoC to provide services to homeless individuals and families.

A.5 Coordinated Entry System (CES): The CES is a centralized or coordinated process developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019, designed to coordinate homelessness program participant intake, assessment, and provision of referrals. In order to satisfy this subdivision, a centralized or coordinated assessment system shall cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool.

A.7 Emergency Aid: Any urgent and immediate services, which include housing that will be provided to homeless individuals. Broad categories of uses include, but are not limited to, shelters, shelter beds, public toilets, shower facilities, tiny-shed homes, etc.

A.8 Emergency Shelter: Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of any inability to pay.

A.9. General Service Area: The geographically defined area where a service entity provides outreach and direct services to homeless people.

A.10 Homeless: The same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019:

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, ***e.g.,*** family, friends, faith-based or other social networks, needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, ***e.g.,*** family, friends, and faith-based or other social networks, to obtain other permanent housing.

A.11 Homeless Management Information System (HMIS): A web-enabled database used by homeless service providers to capture information about the San Bernardino County persons they serve. The database tracks services provided to homeless individuals and families by the collaborative agencies. Services tracked include: emergency, transitional, and permanent housing bed usage, employment, veteran's status, as well as referrals to health and human service providers, or other relevant supportive service agencies. As required by the U.S. Department of Housing and Urban Development, the Continuum of Care utilizes the captured information to make informed decisions in planning, homeless advocacy, and policy development that result in target services. HMIS also includes that use of a comparable database by a victim services provider or legal services provider that is permitted under Part 576 of Title 24 of the Code of Federal Regulations.

A.12 Homeless Youth: An unaccompanied youth between 12 and 24 years of age, inclusive, who is experiencing homelessness, as defined in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act [42 U.S.C. Sec. 11434a(2)]; includes unaccompanied youth who are pregnant or parenting.

A.13 Housing First: An approach to quickly and successfully connect individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.

A.14 Housing Search and Placement: Services to assist clients to locate, secure, and navigate the rental market. Housing Search and Placement activities may include, but are not limited to, unit identification, unit inspection, determining rent reasonableness, contracts, advocating for households, land/lord/ tenant mediation, and any other housing requirements.

A.15 Interagency Council on Homelessness (ICH): The policy making body for the San Bernardino County Homeless Partnership. ICH works to ensure that the recommendations listed in the County's 10-Year Strategy to End Homelessness are realized. ICH Membership is composed of elected officials, state and local representatives, community and faith-based organizations, and corporate advocates.

A.16 Instance of Service: Each encounter with a member of the target population where services are provided for each of the eligible grant activities. For example, one individual checks into a warming center operated by Provider X on Tuesday. The same individual checks into the same warming center the next night. This counts as two instances of service for this activity.

A.17 Navigation Center: A Housing First, low barrier, service-enriched shelter focused on moving homes individuals and families into permanent that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.

A.18 Office of Homeless Services (OHS): The lead agency for the San Bernardino County Continuum of Care (SBC CoC). The SBC CoC coordinates services with the San Bernardino County Homeless Partnership consisting of community and faith-based organizations, educational institutions, non-profit organizations, private industry, and Federal, State and local governments.

A.19 Permanent Supportive Housing (PSH): Low-barrier permanent housing with services. The type of services depends on the needs of the residents. Services may be short-term, sporadic, or ongoing indefinitely. PSH units are for individuals and families who are homeless or chronically homeless. PSH is housing combined with services, which may include mental health and health services, drug and alcohol treatment, education and job training.

A.20 Point-In-Time-Count (PITC): An unduplicated one-night estimates of both sheltered and unsheltered homeless populations conducted by Continuums of Care nationwide on a predetermined date within the last 10 days of each January pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations.

A.21 Program: The Homeless Housing, Assistance and Prevention Round 3 (HHAP-3) Program, established pursuant to Chapter 5 of Part 1 of Division 31 of the Health and Safety Code, and HHAP-3 are used interchangeably throughout this document.

A.22 Rapid Re-Housing (RRH): An intervention designed to help individuals and families quickly exit homelessness and return to permanent housing. Using the Housing First model, move families and individuals into permanent affordable housing as quickly as possible with minimal barriers, assist with move-in costs such as security and utility deposits and short-medium term declining rental subsidies, and provide intensive social services while families or individual's stability and equip them with skills and resources they need to sustain and thrive in housing and avoid future homelessness.

A.23 San Bernardino County Continuum of Care (SBC CoC): Provides leadership in creating a comprehensive countywide network of service delivery to homeless individuals and families and those at-risk of becoming homeless.

A.24 State of California, Homeless Coordinating and Financing Council (State): Created pursuant to Section 8257 of the Welfare and Institutions Code to, among other things, identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California.

A.25 Subcontractor: An individual, company, firm, corporation, partnership or other organization, not in the employment of or owned by Contractor who is performing services on behalf of Contractor under a separate contract with or on behalf of Contractor.

A.26 Target Population: Any person who is homeless as defined for this grant (see A.10 above).

A.27 Transitional Housing (TH): Designed to provide homeless individuals and families with the interim stability and support to successfully move to and maintain permanent housing. TH may be used to cover the costs of up to 24 months of housing with accompanying supportive services.

A.28 United States Department of Housing and Urban Development (HUD): A Federal agency established in 1965, HUD's mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships, particularly with faith-based and community organizations, that leverage resources and improve HUD's ability to be effective on the community level.

B. CONTRACTOR RESPONSIBILITIES

B.1 General Requirements

B.1.1 Contractor shall be in compliance with all applicable Federal, State, and local laws, required to perform this Contract. Contractor shall be required to repay the County in the event of non-compliance with any applicable law if the County is required to repay any amount of funds to the State as a result of Contractor's non-compliance.

B.1.2 Contractor and its Subcontractors shall perform the work in accordance with Federal, State and local housing and building codes, as applicable.

B.1.3 Contractor shall be responsible to accomplish the levels of performance as set forth in Exhibit 1 – HHAP AWARD BY CATEGORY and report such measures quarterly to the County with each quarterly expenditure report. The County will review Contractor performance to assess expenditure and performance progress. If Contractor is not meeting expenditure and performance measures, the County will work with Contractor to identify strategies and remediate performance issues.

B.1.4 Contractor's obligation to the County shall not end until all closeout requirements are completed. Activities during closeout period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent funds, and accounts receivable to the County), and determining the custodianship of records.

B.2 Scope of Work

The project description for services to be provided by Contractor under this Contract are identified in Exhibit 2 - SCOPE OF WORK.

B.3 Administrative Requirements

Contractor shall adhere to the following:

B.3.1 Coordinated Entry System (CES)

a. The CES is a referral process that currently coordinates with the SBC CoC. All those participating with CES will need to apply to participate with the Homeless Management Information System (HMIS).

b. Contractor must work in collaboration with CES and SBC CoC to ensure the screening, assessment, and referral of HHAP participants are consistent with the eligible uses under HHAP.

c. Contractor agrees to receive referrals from CES prior to providing services with the exception of individuals receiving emergency assistance. In such cases, immediate services can be provided, but individuals and/or families must be referred by Contractor to CES for assessment and prioritization within seventy-two

(72) hours. Contractor understands that individuals and/or families may not be referred to Contractor and may be referred to another service provider based upon the CES assessment.

B.3.2 Data Reporting

a. Contractor will submit to OHS detailed reports containing information listed in Exhibit 3 – HHAP REPORTING REQUIREMENTS.

b. A report will be due forty-five (45) days after the date of expiration of this Contract or upon completion of Contract services.

c. Contractor shall submit additional reports as required by the State or County.

B.3.3 Equipment and Other Property

All equipment, materials, supplies or property of any kind (including vehicles, publications, copyrights, etc.) purchased with HHAP-3 funds received under the terms of this Contract which has a life expectancy of one (1) year or more shall be the property of the County and shall be subject to the provisions of this paragraph. The disposition of equipment or property of any kind shall be determined by the County when the Contract is terminated. Additional terms are as follows:

a. The purchase of any furniture or equipment which was not included in Contractor's approved budget, shall require the prior written approval of the County, and shall fulfill the provisions of this Contract which are appropriate and directly related to Contractor's services or activities under the terms of the Contract. The County may refuse approval for any cost resulting from such items purchased, which are incurred by Contractor, if prior written approval has not been obtained from the County.

b. Before equipment purchases made by Contractor are approved by the County, Contractor must submit paid vendor receipts identifying the purchase price, description of the item, serial numbers, model number and location where equipment will be used during the term of this Contract.

c. Contractor shall submit an inventory of equipment purchased under the terms of this Contract as part of the expenditures report for the month in which the equipment is purchased. Contractor must also maintain an inventory of equipment purchased that, at a minimum, includes the description of the property, serial number or other identification number, title holder, acquisition date, cost of the equipment, location, use and condition of the property, and ultimate disposition data. A physical inventory of the property must be reconciled annually. Equipment should be adequately maintained and a control system in place to prevent loss, damage, or theft. Equipment with cost exceeding County's capitalization threshold of $5,000 must be depreciated.

d. No costs incurred prior to the Contract commencement date shall be eligible for reimbursement with HHAP-3 funds.

e. Upon termination of this Contract, Contractor will provide a final inventory to the County and shall at that time query the County as to requirements, including the manner and method in returning equipment to the County. Final disposition of such equipment shall be in accordance with instructions from the County.

B.3.4 Financial Management

a. Review, understanding, and certification that quarterly expenditure reports submitted to the County meet eligible expenses under HHAP-3 and State requirements. The County shall have no obligation to advance or pay Contractor with any funds other than HHAP-3 funds the County receives from the State.

b. Contractor attests that by submitting a quarterly expenditures report to OHS, it has completed all due diligence necessary and verified eligibility for HHAP-3 funding. Contractor shall be required to repay County for non-eligible expenditures that may inadvertently be processed by the County.

c. Budget Changes – Contractor agrees that no changes shall be made to Contractor's HHAP-3 budget without first obtaining approval. No more than the amounts specified in Exhibit 1 – HHAP-3 AWARD BY CATEGORY may be spent for the separate cost categories specified in the budget summary. Any changes to this Contract must be requested by Contractor in writing through OHS. Changes must be approved by the County and/or the State.

d. Documentation of Costs and Other Financial Reporting
Contractor will be required to maintain books, records, documents, and other evidence directly related to the performance of work in accordance with Generally Acceptable Accounting Procedures. Costs shall be supported by properly executed payrolls, time records, invoices, receipts, vouchers or other official documentation, as evidence of the nature and propriety of the charges.

All accounting documents pertaining in whole or in part to this Contract shall be clearly identified and readily accessible, and upon reasonable notice, the County shall have the right to audit the records of the Contractor as they relate to the Contract and the activities and services described herein.

Contractor shall also:

1) Maintain an effective system of internal fiscal control and accountability for all HHAP-3 funds and property acquired or improved with HHAP-3 funds, and make sure the same are used solely for authorized purposes.

2) Keep a continuing record of all disbursements by date, payment method, amount, vendor, description of items purchased and line item from which the money was expended, as reflected in the Contractor's accounting records.

3) Maintain payroll, financial, and expense reimbursement records for a minimum period of five (5) years after the termination of this Contract.

4) Permit inspection and audit of its records with respect to all matters authorized by this Contract by representatives of the County at any time during normal business hours and as often as necessary.

5) Inform the County concerning any funds allocated to Contractor, that the Contractor anticipates will not be expended during the term of this Contract.

6) Repay the County any funds in its possession at the time of the termination of this Contract that may be due to the County; e.g., ineligible costs, unexpended funds, etc.

B.3.5 Funding

a. This Contract is valid and enforceable only if sufficient funds are made available to County by legislative appropriation. In addition, this Contract is subject to any additional restrictions, limitations or conditions, or statutes, regulations or any other laws, whether Federal or those of the State, or of any agency, department, or any political subdivision of Federal or the State governments, which may affect the provisions, terms or funding of this Contract in any manner.

b. Contractor must establish and maintain effective internal controls over all funding awarded to Contractor by the County to provide reasonable assurance that Contractor complies with Federal, State, and County statutes, regulations, and terms and conditions of the Contract.

c. County may base funding for Contractor upon positive performance outcomes, which OHS will monitor throughout the year.

d. Contractor must be able to demonstrate that HHAP-3 funds were expended for eligible uses to benefit members of the Target Population.

e. Funds allocated pursuant to this Contract shall be used exclusively for costs included in Contractor's Program budget. Contract funds shall not be used as

security or to guarantee payments for any non-program obligations nor as loans for non-program activities.

f. Contractor certifies and agrees that it will not use funds provided through this Contract to pay for entertainment, gifts, or fundraising activities.

g. Ineligible Costs – HHAP-3 funds shall not be used for costs associated with activities in violation of any law or for any activities not consistent with the intent of HHAP-3 and the eligible uses identified in California Health and Safety Code Sections 50218 and 50219.

The County or the State reserves the right to request additional information and clarification to determine the reasonableness and eligibility of all costs to be paid with funds made available by this Contract. If Contractor or its Subcontractors use HHAP-3 funds to pay for ineligible activities, Contractor shall be required to reimburse these funds to the County within thirty (30) days of the request.

1) An expenditure which is not authorized by this Contract, or which cannot be adequately documented, shall be disallowed and must be reimbursed to the County by Contractor.

2) The State, at its sole and reasonable discretion, shall make the final determination regarding the allowability of expenditures of HHAP-3 funds.

3) Program funds shall not be used to supplant existing local funds for homeless housing, assistance, or prevention. HHAP-3 funds cannot replace local funds that are committed to an existing or developing homeless assistance program. However, if funds previously supporting a service or project end or are reduced for reasons beyond the control of Contractor and services or housing capacity will be lost as a result of these funds ending, HHAP-3 funds may be used to maintain the service or program and are not considered supplanting [examples include, but are not limited to, a time-limited city and/or county tax or one-time block grant, such as Homeless Emergency Aid Program (HEAP) grant].

h. Contractor must expend:

1) No less than fifty percent (50%) of HHAP-3 funds by May 31, 2024;

2) One hundred percent (100%) of HHAP-3 funds by June 30, 2026; and

"Expend" means all HHAP-3 funds obligated under this Contract have been fully paid and receipted, and no invoices remain outstanding."

Reports submitted by the Contractor will be used to ensure that Contractor is on track to expend fifty percent (50%) of HHAP-3 funds by May 31, 2024 and one hundred percent (100%) of HHAP-3 funds by June 30, 2026. Contractor may submit a request to OHS prior to May 31, 2024 if Contractor is not on track to expend 50% of the HHAP-3 funds by May 31, 2024 proposing an alternative expenditure rate to meet the June 20, 2026 100% expenditure deadline with justification. The Chief of Homeless Services may approve, modify, or deny such request.

If, by January 1, 2026, Contractor has not submitted reports showing an expenditure of at least eighty percent (80%) of the HHAP-3 funds, the remaining twenty percent (20%) will be returned and reallocated.

i. HHAP-3 funds may not be obligated and expended prior to the effective date of this Contract. "Obligate" means that Contractor has placed orders, entered into sub-contracts, received services, or entered into similar transactions that require payment from the Contract award.

j. All proceeds from any interest-bearing account established by the Contractor for the deposit of HHAP-3 funds must be used for HHAP-eligible activities. Documentation of all expenditures and accrued interest shall be reported on the forms provided by OHS (i.e., Exhibit 7 – HHAP-3 Expenditure Report).

k. Any housing-related activities funded with HHAP-3 funds, including but not limited to, emergency shelter, rapid-rehousing, rental assistance, transitional housing and permanent supportive housing must be in compliance or otherwise aligned with the Core Components of Housing First, pursuant to Welfare and Institution Code Section 8255(b).

l. Contractor confirms that rental assistance will be issued directly to a property owner or an agent authorized to act on behalf of a property owner.

m. Joint Funding – For all programs and services for which there are sources of funds in addition to County funds as provided under this Contract, Contractor shall provide proof of such funding. Contractor must be able to account for the receipt, obligation and expenditure of funds.

The County shall NOT pay for any services provided by Contractor which are funded by other sources. All restrictions and/or requirements provided in this Contract relative to accounting, budgeting, and reporting apply to the total program regardless of funding sources.

n. The County reserves the right to reduce the Contract award when the County's fiscal monitoring indicates that Contractor's rate of expenditure will result in unspent funds at the end of the Contract term or if it is determined that costs incurred are not in conformance with eligible costs as defined in Health and Safety Code Section 50214. Changes in the Contract award will be done after consultation with Contractor. Such changes shall be incorporated into this Contract by written amendment(s).

B.3.6 Fiscal Award Monitoring

a. The County has the right to monitor the Contract during the Contract period to ensure accuracy of expenditure reports and compliance with applicable laws and regulations.

b. Contractor agrees to furnish duly authorized representatives from the County and the State access to all financial records necessary to review or audit Contract services and to evaluate the cost, quality, and appropriateness of services.

c. If the State or the County determines that all, or any part of, the payments made by the County to Contractor pursuant hereto are not eligible expenses in accordance with this Contract, said funds will be repaid by Contractor to the County. In the event such payment is not made on demand, the County may withhold future disbursements to Contractor until such disallowances are paid by Contractor. If disallowable expenses are not reimbursed within thirty (30) days of demand, the Contract will terminate without consultation at the County's sole and absolute discretion.

d. If there is a conflict between a State audit of this Contract and a County audit of this Contract, the State audit shall take precedence.

B.3.7 Closeout

Contractor shall submit a closeout report including a narrative of the project outcomes, an inventory of all equipment and property acquired or improved by HHAP funds, and a final financial report, upon termination or completion of the services specified in this Contract.

Contractor agrees to adhere to and comply with all the closeout procedures detailed below; including, but not limited to the following:

a. Disposition of Program assets shall be determined by the County when the Contract is terminated.

b. Contractor shall submit within forty-five (45) days after the date of expiration of this Contract, all financial, performance, and other reports required by this Contract; and in addition, will cooperate in a Program audit by the County.

c. Any unobligated/unexpended funds disbursed in advance to Contractor shall be returned to the County within thirty (30) days after the expiration of the Contract term, or in accordance with Section B.3.5.h, whichever occurs first. This term shall survive the expiration of the Contract.

d. Contractor must account for any real and personal property acquired with HHAP-3 funds.

e. Closeout will remain pending until all requirements are met and all outstanding issues with the Contractor have been resolved to the satisfaction of the County.

B.3.8 Homeless Management Information System

The HMIS is a local database application used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness in the County. Contractor must ensure that data on all persons served are entered into the countywide HMIS. HMIS is managed and operated by OHS. HMIS technical and data standards are set forth in the Final 2017 HMIS Data Standards, on file with OHS.

a. Contractor shall enter into a Memorandum of Understanding (MOU) with the HMIS Lead Agency where the Contractor agrees to share HMIS data with other HHAP funded agencies, unless prohibited by law.

b. Contractor is required to work with OHS staff to ensure the timely and accurate set-up of their HMIS program profile and to ensure the HMIS program profile is setup in a manner that accurately captures the data pertinent to Contractor's program. Contractor's program profile must be setup prior to Contractor submitting their first HHAP Disbursement Request form.

c. Contractor shall submit a copy of HMIS reports (see Exhibit 4 – HMIS DATA REPORT SAMPLE) with the quarterly expenditure reports. In the case of Domestic Violence service providers or other agencies prohibited from entering data into HMIS, documentation from the HMIS lead agency certifying that the Contractor is using a comparable database shall be delivered to the County. The contact information for the "HMIS Lead Agency" is:

Robin Kennedy, HMIS Lead
San Bernardino County
Office of Homeless Services
560 E. Hospitality Ln., Ste. 200
San Bernardino CA 92415-0044
Robin.Kennedy@hss.sbcounty.gov
Phone: 909-501-0610

d. Contractor must ensure all required data elements, as listed below, are entered into the HMIS system for HHAP-3 participants, in a timely manner, and is inputted no later than two (2) working days after program entry. Services rendered to clients must be entered into HMIS no later than two (2) working days from date of service(s). All clients who exit the program must have an updated status in HMIS within two (2) working days from actual exit date. Failure to meet the above data inputting requirements will constitute a violation of the terms and conditions of this Contract. Contractor will be notified by OHS, and if not rectified, the Contract may be terminated at the County's sole and absolute discretion.

e. In addition to the timely entry of HMIS data, Contractor is required to enter accurate and complete data. The County will ensure Contractor adheres to Data Quality Standards, as established by HUD, and data entry requirements, as set forth in the HMIS MOU and the OHS Policy Handbook. The Data Quality Standards assess the data quality and completeness of the following Data Elements entered:

1) Client Demographic Data

a) Name

b) Social Security Number

c) Date of Birth

d) Race

e) Ethnicity

f) Gender

g) Veteran Status

2) Universal Data

a) Disabling Condition

b) Project Start Date

c) Project Exit Date

d) Destination

e) Relationship to Head of Household

f) Client Location

g) Housing Move-in Date

h) Living Situation

3) Common Program Specific Data Elements

a) Income and Sources

b) Non-Cash Benefits

c) Health Insurance

d) Disability Elements

e) Physical Disability

f) Developmental Disability

g) Chronic Health Condition

h) HIV/AIDS

i) Mental Health Problem

j) Substance Abuse

k) Domestic Violence

l) Contact

m) Date of Engagement

n) Bed-Night Date

o) Housing Assessment Disposition

4) Data Timeliness

a) Entry Timeliness

b) Exit Timeliness

f. According to Data Quality Standards, Contractor is required to have a five-percent (5%) or less error rate to ensure data accuracy and less than a five-day lapse in timeliness for entry of data at time of client entry, services are rendered, and client exit. Any performance benchmarks not meeting these standards will be captured on Contractor's HMIS Data Quality Report Sample, see Exhibit 5. The report will be generated by Contractor and submitted quarterly with expenditure reports. OHS will review reports and data deficiencies, if any, will be identified and discussed with Contractor to determine methods to remediate and/or improve data quality scores.

g. If Contractor continues to not meet data entry and data quality benchmarks, as established by HUD and set forth in the HMIS MOU and the OHS Policy Handbook, County may terminate Contract as set forth in CORRECTION OF PERFORMANCE DEFICIENCIES Section.

h. Contractor agrees to provide the County and/or the State access to HMIS data collected and entered into HMIS, upon request, and to participate in any statewide data initiative as directed by the State including, but not limited to, a statewide data integration environment.

B.3.9 Housing First

The methodology of providing services will follow the Housing First policy. This is an approach that offers permanent, affordable housing as quickly as possible for individuals and families experiencing homelessness, and then provides the supportive services and connections to the community-based supports people need to avoid returning to homelessness. HHAP projects must align and comply with the core components of Housing First as defined in California Welfare and Institutions Code Section 8255(b) (see Exhibit 6).

B.3.10 Program Participant Eligibility

Contractor shall ensure that:

a. HHAP-3 participants meet the Homeless definition as defined in Section 578.3 of Title 24 of the Code of Federal Regulations:

1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

a) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

b) An individual or family living in a supervised publicly or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by Federal, State and local government programs for low-income individuals); or

c) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

2) An individual or family who will imminently lose their primary nighttime residence, provided that:

a) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

b) No subsequent residence has been identified; and

c) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing;

3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

a) Are defined as homeless under Section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), Section 637 of the Head Start Act (42 U.S.C. 9832), Section 41403 of the Violence Against

Women Act of 1994 (42 U.S.C. 14043e-2), Section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), Section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or Section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

b) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

c) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

d) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

4) Any individual or family who:

a) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

b) Has no other residence; and

c) Lacks the resources or support networks, e.g., family, friends, and faith-based or other social networks, to obtain other permanent housing.

b. HHAP-3 participants are referred by CES to Contractor.

c. Contractor coordinates Program enrollment and services in collaboration with CES.

B.3.11 Job Training and Employment

Contractor agrees to refer HHAP-3 clients that are eligible for job training and employment services to the County of San Bernardino Workforce Development Department (WDD). Contractor also agrees to refer eligible “work ready” clients to the County’s Community Employment Pathways (CEP) program for job placement services. Number of participants who have been referred to WDD and CEP will be reported on a quarterly basis by Contractor.

B.3.12 Staffing Requirements

Contractor shall provide the necessary professional staff to meet the needs of the homeless population following the Housing First model (ex. Case managers, Clinicians, medical staff, peer advocates, employment specialists, and eligibility specialists). Contractor must have the readiness capacity to immediately perform and administer homeless efforts through HHAP funding.

C. GENERAL CONTRACT REQUIREMENTS

C.1 Recitals

The recitals set forth above are true and correct and incorporated herein by this reference.

C.2 Contract Amendments

Contractor agrees any alterations, variations, modifications, or waivers of the provisions of the Contract, shall be valid only when reduced to writing, executed and attached to the original Contract and approved by the person(s) authorized to do so on behalf of Contractor and County.

C.3 Contract Assignability

Without the prior written consent of the County, the Contract is not assignable by Contractor either in whole or in part.

C.4 Contract Exclusivity

This is not an exclusive Contract. The County reserves the right to enter into a contract with other contractors for the same or similar services. The County does not guarantee or represent that the Contractor will be permitted to perform any minimum amount of work, or receive compensation other than on a per order basis, under the terms of this Contract.

C.5 Attorney's Fees and Costs

If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorney's fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorney's fees directly arising from a third-party legal action against a party hereto and payable under Indemnification and Insurance Requirements.

C.6 Background Checks for Contractor Personnel

Contractor shall ensure that its personnel (a) are authorized to work in the jurisdiction in which they are assigned to perform Services; (b) do not use legal or illegal substances in any manner which will impact their ability to provide Services to the County; and (c) are not otherwise disqualified from performing the Services under applicable law. If requested by the County and not in violation of applicable law, Contractor shall conduct a background check, at Contractor's sole expense, on all its personnel providing Services. If requested by the County, Contractor shall provide the results of the background check of each individual to the County. Such background check shall be in the form generally used by Contractor in its initial hiring of employees or contracting for contractors or, as applicable, during the employment-screening process but must, at a minimum, have been performed within the preceding 12-month period. Contractor personnel who do not meet the County's hiring criteria, in County's sole discretion, shall not be assigned to work on County property or Services, and County shall have the right, at its sole option, to refuse access to any Contract personnel to any County facility.

C.7 Change of Address

Contractor shall notify the County in writing, of any change in mailing address within ten (10) business days of the change.

C.8 Choice of Law

This Contract shall be governed by and construed according to the laws of the State of California.

C.9 Compliance with County Policy

In performing the Services and while at any County facilities, Contractor personnel (including subcontractors) shall (a) conduct themselves in a businesslike manner; (b) comply with the policies, procedures, and rules of the County regarding health and safety, and personal, professional and ethical conduct; (c) comply with the finance, accounting, banking, Internet, security, and/or other applicable standards, policies, practices, processes, procedures, and controls of the County; and (d) abide by all laws applicable to the County facilities and the provision of the Services, and all amendments and modifications to each of the documents listed in subsections (b), (c), and (d) (collectively, "County Policies"). County Policies, and additions or modifications thereto, may be communicated orally or in writing to Contractor or Contractor personnel or may be made available to Contractor or Contractor personnel by conspicuous

posting at a County facility, electronic posting, or other means generally used by County to disseminate such information to its employees or contractors. Contractor shall be responsible for the promulgation and distribution of County Policies to Contractor personnel to the extent necessary and appropriate.

County shall have the right to require Contractor's employees, agents, representatives and subcontractors to exhibit identification credentials issued by County in order to exercise any right of access under this Contract.

C.10 Confidentiality

Contractor shall protect from unauthorized use or disclosure the names and other identifying information concerning persons receiving Services pursuant to this Contract, except for statistical information not identifying any participant. Contractor shall not use or disclose any identifying information for any purpose other than carrying out the Contractor's obligations under this Contract, except as may otherwise be required by law. This provision will remain in force even after the termination of the Contract.

C.11 Primary Point of Contact

Contractor will designate an individual to serve as the primary point of contact for the Contract. Contractor or designee must respond to County inquiries within two (2) business days. Contractor shall not change the primary contact without written acknowledgement to the County. Contractor will also designate a back-up point of contact in the event the primary contact is not available.

C.12 County Representative

The Director of Community Development and Housing or his/her designee shall represent the County in all matters pertaining to the services to be rendered under this Contract, including termination and assignment of this Contract, and shall be the final authority in all matters pertaining to the Services/Scope of Work by Contractor. If this contract was initially approved by the San Bernardino County Board of Supervisors, then the Board of Supervisors must approve all amendments to this Contract.

C.13 Damage to County Property

Contractor shall repair, or cause to be repaired, at its own cost, all damages to County vehicles, facilities, buildings or grounds caused by the willful or negligent acts of Contractor or its employees or agents. Such repairs shall be made immediately after Contractor becomes aware of such damage, but in no event later than thirty (30) days after the occurrence.

If the Contractor fails to make timely repairs, the County may make any necessary repairs. The Contractor, as determined by the County, shall repay all costs incurred by the County for such repairs, by cash payment upon demand, or County may deduct such costs from any amounts due to the Contractor from the County, as determined at the County's sole discretion.

C. 14 Debarment and Suspension

Contractor certifies that neither it nor its principals or subcontractors is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (See the following United States General Services Administration's System for Award Management website https://www.sam.gov). Contractor further certifies that if it or any of its subcontractors are business entities that must be registered with the California Secretary of State, they are registered and in good standing with the Secretary of State.

C.15 Drug and Alcohol Free Workplace

In recognition of individual rights to work in a safe, healthful and productive work place, as a material condition of this Contract, the Contractor agrees that the Contractor and the Contractor's employees, while performing service for the County, on County property, or while using County equipment:

C.15.1 Shall not be in any way impaired because of being under the influence of alcohol or an illegal or controlled substance.

C.15.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal or controlled substance.

C.15.3 Shall not sell, offer, or provide alcohol or an illegal or controlled substance to another person, except where Contractor or Contractor's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

The Contractor shall inform all employees that are performing service for the County on County property, or using County equipment, of the County's objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for the County.

The County may terminate for default or breach of this Contract and any other Contract the Contractor has with the County, if the Contractor or Contractor's employees are determined by the County not to be in compliance with above.

C.16 Duration of Terms

This Contract, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties, provided no such assignment is in violation of the provisions of this Contract.

C.17 Employment Discrimination

During the term of the Contract, Contractor shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. Contractor shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

C.18 Environmental Requirements

In accordance with County Policy 11-08, the County prefers to acquire and use products with higher levels of post-consumer recycled content. Environmentally preferable goods and materials must perform satisfactorily and be available at a reasonable price. The County requires Contractor to use recycled paper for any printed or photocopied material created as a result of this Contract. Contractor is also required to use both sides of paper sheets for reports submitted to the County whenever practicable.

To assist the county in meeting the reporting requirements of the California Integrated Waste Management Act of 1989 (AB 939), Contractor must be able to annually report the County's environmentally preferable purchases. Contractor must also be able to report on environmentally preferable goods and materials used in the provision of their service to the County, utilizing a County approved form.

C.19 Improper Influence

Contractor shall make all reasonable efforts to ensure that no County officer or employee, whose position in the County enables him/her to influence any award of the Contract or any competing offer, shall have any direct or indirect financial interest resulting from the award of the Contract or shall have any relationship to the Contractor or officer or employee of the Contractor.

C.20 Improper Consideration

Contractor shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the County in an attempt to secure favorable treatment regarding this Contract.

The County, by written notice, may immediately terminate this Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the County with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a contract has been awarded.

Contractor shall immediately report any attempt by a County officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Contractor. The report shall be made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, the County is entitled to pursue any available legal remedies.

C.21 Informal Dispute Resolution

In the event the County determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this Contract or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

C.22 Legality and Severability

The parties' actions under the Contract shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this Contract are specifically made severable. If a provision of the Contract is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

C.23 Licenses, Permits and/or Certifications

Contractor shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of Federal, State, County, and municipal laws, ordinances, rules and regulations. The Contractor shall maintain these licenses, permits and/or certifications in effect for the duration of this Contract. Contractor will notify County immediately of loss or suspension of any such licenses, permits and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this Contract.

C.24 Material Misstatement/Misrepresentation

If during the course of the administration of this Contract, the County determines that Contractor has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the County, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the County is entitled to pursue any available legal remedies.

C.25 Mutual Covenants

The parties to this Contract mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

C.26 Nondisclosure

Contractor shall hold as confidential and use reasonable care to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, confidential information that is either: (1) provided by the County to Contractor or an agent of Contractor or

otherwise made available to Contractor or Contractor's agent in connection with this Contract; or, (2) acquired, obtained, or learned by Contractor or an agent of Contractor in the performance of this Contract. For purposes of this provision, confidential information means any data, files, software, information or materials in oral, electronic, tangible or intangible form and however stored, compiled or memorialize and includes, but is not limited to, technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data.

C.27 Notice of Delays

Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this contract, that party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other party.

C.28 Ownership of Documents

All documents, data, products, graphics, computer programs and reports prepared by Contractor pursuant to the Contract shall be considered property of the County upon payment for services (and products, if applicable). All such items shall be delivered to County at the completion of work under the Contract, subject to the requirements of Section IV–Term of the Contract. Unless otherwise directed by County, Contractor may retain copies of such items.

C.29 Reserved

C.30 Air, Water Pollution Control, Safety and Health

Contractor shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this Contract.

C.31 Records

Contractor shall maintain all records and books pertaining to the delivery of services under this Contract and demonstrate accountability for contract performance. All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the Contract.

All records relating to the Contractor's personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this Contract shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars, which state the administrative requirements, cost principles and other standards for accountancy.

C.32 Relationship of the Parties

Nothing contained in this Contract shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.

C.33 Release of Information

No news releases, advertisements, public announcements or photographs arising out of the Contract or Contractor's relationship with County may be made or used without prior written approval of the County.

C.34 Representation of the County

In the performance of this Contract, Contractor, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the San Bernardino County.

C.35 Strict Performance

Failure by a party to insist upon the strict performance of any of the provisions of this Contract by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Contract thereafter.

C.36 Subcontracting

Contractor shall obtain County's written consent, which County may withhold in its sole discretion, before entering into Contracts with or otherwise engaging any subcontractors who may supply any part of the Services to County. At County's request, Contractor shall provide information regarding the subcontractor's qualifications and a listing of a subcontractor's key personnel including, if requested by the County, resumes of proposed subcontractor personnel. Contractor shall remain directly responsible to County for its subcontractors and shall indemnify County for the actions or omissions of its subcontractors under the terms and conditions specified in Section G. All approved subcontractors shall be subject to the provisions of this Contract applicable to Contractor Personnel.

For any subcontractor, Contractor shall:

36.1 Be responsible for subcontractor compliance with the Contract and the subcontract terms and conditions; and

36.2 Ensure that the subcontractor follows County's reporting formats and procedures as specified by County.

36.3 Include in the subcontractor's subcontract substantially similar terms as are provided in Sections B. Contractor Responsibilities and C. General Contract Requirements.

Upon expiration or termination of this Contract for any reason, County will have the right to enter into direct Contracts with any of the Subcontractors. Contractor agrees that its arrangements with Subcontractors will not prohibit or restrict such Subcontractors from entering into direct Contracts with County.

C. 37 Subpoena

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Goods or Services provided under this Contract is served upon Contractor or County, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Contractor and County further agree to cooperate with the other party in any lawful effort by such other party to contest the legal validity of such subpoena or other legal process commenced by a third party as may be reasonably required and at the expense of the party to whom the legal process is directed, except as otherwise provided herein in connection with defense obligations by Contractor for County.

C.38 Termination for Convenience

The County reserves the right to terminate the Contract, for any reason, with a thirty (30) day written notice of termination. Such termination may include all or part of the services described herein. Upon such termination, payment will be made to the Contractor for services rendered and expenses reasonably incurred prior to the effective date of termination. Upon receipt of termination notice Contractor shall promptly discontinue services unless the notice directs otherwise. Contractor shall deliver promptly to County and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

C.39 Time of the Essence

Time is of the essence in performance of this Contract and of each of its provisions.

C.40 Venue

The parties acknowledge and agree that this Contract was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue of any action or claim brought by any party to this Contract will be the Superior Court of California, San Bernardino County, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, San Bernardino County, San Bernardino District.

C.41 Conflict of Interest

Contractor shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and the County. Contractor shall make a reasonable effort to prevent employees, Contractor, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and state law. In the event the County determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by the County and such conflict may constitute grounds for termination of the Contract. This provision shall not be construed to prohibit employment of persons with whom Contractor's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.

C.42 Former County Administrative Officials

Contractor agrees to provide, or has already provided information on former San Bernardino County administrative officials (as defined below) who are employed by or represent Contractor. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Contractor. For purposes of this provision, "County administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Executive Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

C.43 Disclosure of Criminal and Civil Procedures

The County reserves the right to request the information described herein from the Contractor. Failure to provide the information may result in a termination of the Contract. The County also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The Contractor also may be requested to provide information to clarify initial responses. Negative information discovered may result in Contract termination.

Contractor is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten years, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten years, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the Contractor will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the Contractor is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten years, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those

individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the Contractor will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

For purposes of this provision "key employees" includes any individuals providing direct service to the County. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

C.44 Reserved

C.45 Reserved

C.46 Iran Contracting Act

IRAN CONTRACTING ACT OF 2010, Public Contract Code sections 2200 et seq. (Applicable for all Contracts of one million dollars ($1,000,000) or more). In accordance with Public Contract Code section 2204(a), the Contractor certifies that at the time the Contract is signed, the Contractor signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code section 2203 as a person (as defined in Public Contract Code section 2202(e)) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code section 2202.5, or as a person described in subdivision (b) of Public Contract Code section 2202.5, as applicable.

Contractors are cautioned that making a false certification may subject the Contractor to civil penalties, termination of existing contract, and ineligibility to bid on a contract for a period of three (3) years in accordance with Public Contract Code section 2205.

C.47 Reserved

C.48 Reserved

C.49 Reserved

C.50 Executive Order N-6-22 Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine (https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions), as well as any sanctions imposed under state law (https://www.dgs.ca.gov/OLS/Ukraine-Russia). The EO directs state agencies and their contractors (including by agreement or receipt of a grant) to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should it be determined that Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. Contractor shall be provided advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the County.

C.51 Reserved

C.52 Reserved

D. TERM OF CONTRACT

This Contract is effective as of October 3, 2023 and expires June 30, 2026 but may be terminated earlier in accordance with provisions of this Contract.

E. COUNTY RESPONSIBILITIES

E.1 OHS shall provide technical assistance to Contractor.

E.2 OHS shall participate in evaluating the progress of the overall program.

E.3 OHS shall monitor Contractor on a regular basis in regard to compliance with Contractual requirements.

F. FISCAL PROVISIONS

F.1 The maximum amount of payment under this Contract shall not exceed $135,000 and shall be subject to availability of other funds to the County. The consideration to be paid to Contractor, as provided herein, shall be in full payment for all Contractor's services and expenses incurred in the performance hereof, including travel and per diem.

F.2 Quarterly disbursements will be made to the Contractor based upon satisfactory performance under the terms of this Contract.

F.3 Contractor shall accept all payments from County via electronic funds transfer (EFT) directly deposited into the Contractor's designated checking or other bank account. Contractor shall promptly comply with directions and accurately complete forms provided by County required to process EFT payments.

F.4 County is exempt from Federal excise taxes and no payment shall be made for any personal property taxes levied on Contractor or on any taxes levied on employee wages. The County shall only pay for any State or local sales or use taxes on the services rendered or equipment and/or parts supplied to the County pursuant to the Contract.

F.5 Costs for services under the terms of this Contract shall be incurred during the contract period except as approved by County. Contractor shall not use current year funds to pay prior or future year obligations.

F.6 Funds made available under this Contract shall not supplant any federal, state or any governmental funds intended for services of the same nature as this Contract. Contractor shall not claim reimbursement or payment from County for, or apply sums received from County with respect to that portion of its obligations that have been paid by another source of revenue. Contractor agrees that it will not use funds received pursuant to this Contract, either directly or indirectly, as a contribution or compensation for purposes of obtaining funds from another revenue source without prior written approval of the County.

F.7 Contractor shall adhere to the County's Travel Management Policy (8-02 and 08-02SP1) when travel is pursuant to this Contract and for which reimbursement is sought from the County. In addition, Contractor is encouraged to utilize local transportation services, including but not limited to, the Ontario International Airport.

G. INDEMNIFICATION AND INSURANCE REQUIREMENTS

G.1 Indemnification

The Contractor agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this Contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The Contractor indemnification obligation applies to the County's "active" as well as "passive" negligence but does not apply to the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

G.2 Additional Insured

All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the County and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the County to vicarious liability but shall allow coverage for the County to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

G.3 Waiver of Subrogation Rights

The Contractor shall require the carriers of required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Contractor and Contractor's employees or agents from waiving the right of subrogation prior to a loss or claim. The Contractor hereby waives all rights of subrogation against the County.

G.4 Policies Primary and Non-Contributory

All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.

G.5 Severability of Interests

The Contractor agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Contractor and the County or between the County and any other insured or additional insured under the policy.

G.6 Proof of Coverage

The Contractor shall furnish Certificates of Insurance to the County Department administering the Contract evidencing the insurance coverage at the time the Contract is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Contractor shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

G.7 Acceptability of Insurance Carrier

Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

G.8 Deductibles and Self-Insured Retention

Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

G.9 Failure to Procure Coverage

In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is canceled and not replaced, the County has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by the County will be promptly reimbursed by the Contractor or County payments to the Contractor will be reduced to pay for County purchased insurance.

G.10 Insurance Review

Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any

insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Contractor agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

G.11 The Contractor agrees to provide insurance set forth in accordance with the requirements herein. If the Contractor uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Contractor agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Contractor shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

G.11.1 Workers' Compensation/Employer's Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits covering all persons including volunteers providing services on behalf of the Contractor and all risks to such persons under this contract.

If Contractor has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.

With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

G.11.2 Commercial/General Liability Insurance – The Contractor shall carry General Liability Insurance covering all operations performed by or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:

a. Premises operations and mobile equipment.
b. Products and completed operations.
c. Broad form property damage (including completed operations).
d. Explosion, collapse and underground hazards.
e. Personal injury.
f. Contractual liability.
g. $2,000,000 general aggregate limit.

G.11.3 Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

If the Contractor is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

If the Contractor owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

G.11.4 Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

G.11.5 Professional Liability – Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim and two million ($2,000,000) aggregate limits

or

Errors and Omissions Liability Insurance – Errors and Omissions Liability Insurance with limits of not less than one million ($1,000,000) and two million ($2,000,000) aggregate limits

or

Directors and Officers Insurance coverage with limits of not less than one million ($1,000,000) shall be required for Contracts with charter labor committees or other not-for-profit organizations advising or acting on behalf of the County.

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the state of the contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

G.11.6 Reserved

G.11.7 **Abuse/Molestation Insurance** – Contractor shall have abuse or molestation insurance providing coverage for all employees for the actual or threatened abuse or molestation by anyone of any person in the care, custody, or control of any insured, including negligent employment, investigation and supervision. The policy shall provide coverage for both defense and indemnity with liability limits of not less than one million dollars ($1,000,000) with a two million dollars ($2,000,000) aggregate limit.

H. RIGHT TO MONITOR AND AUDIT

H.1 The County, State and Federal government shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of Contractor in the delivery of services provided under this Contract. Contractor shall give full cooperation, in any auditing or monitoring conducted. Contractor shall cooperate with the County in the implementation, monitoring, and evaluation of this Contract and comply with any and all reporting requirements established by the County.

H.2 All records pertaining to services delivered and all fiscal, statistical and management books and records shall be available for examination and audit by County representatives for a period of three years after final payment under this Contract or until all pending County, State and Federal audits are completed, whichever is later.

I. CORRECTION OF PERFORMANCE DEFICIENCIES

I.1 Failure by Contractor to comply with any of the provisions, covenants, requirements, or conditions of this Contract shall be a material breach of this Contract.

I.2 In the event of a non-cured breach, County may, at its sole discretion and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:

a. Afford Contractor thereafter a time period within which to cure the breach, which period shall be established at the sole discretion of County; and/or
b. Discontinue reimbursement to Contractor for and during the period in which Contractor is in breach, which reimbursement shall not be entitled to later recovery; and/or
c. Withhold funds pending duration of the breach; and/or
d. Offset against any monies billed by Contractor but not yet paid by County those monies disallowed pursuant to Item "b" of this paragraph; and/or
e. Terminate this Contract immediately and be relieved of the payment of any consideration to Contractor. In the event of such termination, the County may proceed with the work in any manner deemed proper by the County. The cost to the County shall be deducted from any sum due to the Contractor under this Contract and the balance, if any, shall be paid by the Contractor upon demand.

J. NOTICES

All written notices provided for in this Contract or which either party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or deposited in the United States mail, postage prepaid, and addressed to the other party as follows:

San Bernardino County Office of Homeless Services 560 E. Hospitality Ln. Ste. 200 San Bernardino, CA 92415-0044	City of Ontario Attn: Katryna Gonzalez 303 E. B St. Ontario, CA 91764

Notice shall be deemed communicated two (2) County working days from the time of mailing if mailed as provided in this paragraph.

K. ENTIRE AGREEMENT

This Contract, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this Contract not expressly set forth herein are of no force or effect. This Contract is executed without reliance upon any promise, warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Contract and signs the same of its own free will.

L. ELECTRONIC SIGNATURES

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Agreement. The parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other mail transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed Agreement upon request.

IN WITNESS WHEREOF, San Bernardino County and the Contractor have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

SAN BERNARDINO COUNTY

►

Dawn Rowe, Chair, Board of Supervisors

Dated:

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
of the San Bernardino County

By
Deputy

City of Ontario
(Print or type name of corporation, company, contractor, etc.)

By ►
(Authorized signature - sign in blue ink)

Name Scott Ochoa
(*Print or type name of person signing contract)*

Title City Manager
(Print or Type)

Dated:

Address 303 E. B St.

Ontario, CA 91764

FOR County USE ONLY

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
►	►	►
Suzanne Bryant, Deputy County Counsel		Carrie Harmon, Director
Date	Date	Date

EXHIBIT 1 – AWARD BY CATEGORY

HHAP Award by Category City of Ontario October 3, 2023 through June 30, 2026			
Eligible Use Category	Award/Allocation	Service Unit	Number Expected to be Served
Rapid Rehousing:	$121,500	Households	8
Operating Subsidies:			
Street Outreach:			
Services Coordination:	$13,500	Households	8
Systems Support:			
Delivery of Permanent Housing:			
Prevention and shelter Diversion:			
Interim sheltering:			
Improvements to existing emergency shelters:			
Homeless Youth (Countywide):			
Total Award	$135,000		

EXHIBIT 2 – SCOPE OF WORK

Contractor will operate a rapid rehousing program that will provide approximately 8 homeless households up to $15,000 in subsidies for up to six months ($121,500). The project budget reserves $1,688 per household for case management services and program support services, such as managing payments to property lessors. Households will need to demonstrate that their income falls below 80% of area median income and that they would have sufficient income to sustain the fully charged rent when the subsidy ends.

Priority will be given to households with a disabled family member and families with children from the West Valley who are referred via the Coordinated Entry System (CES). In keeping with San Bernardino County Continuum of Care standards, RRH will be provided for individuals with Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT) scores between 4-7 and families with F-VI-SPDAT scores between 4 and 8.

Program process:

- Receive and evaluate CES referrals
- Within 2 business days, conduct initial eligibility verification, note outstanding questions for follow up
    - Enter any missing required information into HMIS [this is done throughout the process]
    - Schedule interview
- Meet with applicant, explain program, review required documents, complete application
- Issue determination within 3 business days of completed application
    - If denied, staff will provide referrals to other resources
- Enrollment meeting
    - Issue Rapid Rehousing Coupon
    - Review approval terms with client
    - Update budget plan
    - Discuss housing search strategy, adjust plans as needed
    - Set timeline for housing search activities
    - Address any other potential barriers
- Housing Search Process
    - Depending on client level of need, staff will provide an orientation on the following:
        - Determining needs vs. wants in a housing unit How to find available housing units and how to find the right unit and neighborhood for their household
        - Rent limits and hidden costs
        - Sustainability planning – how to afford the unit after the program ends
        - Applicability of fair housing laws
        - What to expect in a lease agreement
    - Staff will contact clients every 3-4 days to check on progress and share any information they have on unit vacancies.
    - Unit found; initiate Request for Unit Approval. Housing Services staff will confirm:
        - Unit meets rent reasonableness standards
        - Lease agreement conforms to TBRA or State standards
        - Tenant executes lease; owner, tenant, and City execute Rapid Rehousing Rental Assistance Agreement.
        - Projected move-in date
        - Continuum of Care team will assist client in identifying and addressing essential furnishing needs
- Maintenance
    - Call or visit tenants to offer assistance;
    - Gather and develop informational materials to advance participant housing stability, including ways to increase income, promote financial literacy and access programs that support wellness.

EXHIBIT 3 – HHAP REPORTING REQUIREMENTS

A. Detailed reports containing, at minimum, the following information:

1. Amount awarded to Contractor with activity(ies) identified;
2. Contract expenditures;
3. Unduplicated number of homeless persons and households served by HHAP-3 funds;
4. Unduplicated number of persons and households at imminent risk of homelessness served by HHAP-3 funds;
5. Number of instances of service;
6. Increases in capacity for new and existing programs;
7. Number of unsheltered homeless persons and homeless households becoming sheltered; and
8. Number of homeless persons and homeless households entering permanent housing.
9. Number of homeless persons and households successfully exited from HHAP-3 (i.e., in permanent housing) that remain in permanent housing 12 months post-exit from HHAP-3.
10. Number of persons and households at imminent risk of homelessness successfully exited from HHAP-3 (i.e., in permanent housing) that remain in permanent housing 12 months post-exit from HHAP-3.

B. Breakdowns will be expected for each activity (i.e., services, capital improvements, rental assistance, etc.) and program type (i.e. emergency shelter, rapid re-housing, outreach, etc.) for the supplemental reporting requirements listed above, when applicable. The same information will also be requested specifically for the following subpopulations, based on priorities defined by the U.S. Department of Housing and Urban Development:

1. Chronically homeless
2. Homeless veterans
3. Unaccompanied homeless youth
4. Homeless persons in families with children

C. Counts by subpopulation will not be required in cases where that information is unavailable, but is expected in cases where client information is entered in the Homeless Management Information System (HMIS).

EXHIBIT 4 – HMIS CLIENT DATA REPORT SAMPLE

Program Roster Report | SAMPLE | Agency Name

Active within 06/01/2023 thru 06/30/2023

Housing Move-in: Undefined = Unknown HoH or adjusted Move-in is Null, ☐ = Non PH Project, **A:** Assessments, **S:** Services, **CN:** Case Notes
You can find more information about adjusted Move-In Date at the Help Center Article
Head of Household (HoH) Unique Identifiers are listed in bold text. Household members are grouped together with the HoH.

Client	Unique Identifier	Birth Date	Age At Entry	Current Age	Enroll Date	Exit Date	LOS	Housing Move-in	A	S	CN	Assigned Staff
Program: Sample Project Name												
Client 1	**ABC12345**	99/99/9999	43	45	09/30/2021	-	639	undefined	1	0	0	A. Admin
Client 2	**DEF12345**	11/11/1111	57	66	07/11/2014	-	3,277	07/11/2014	10	0	0	A. Admin
Client 3	**GHI12345**	22/22/2222	47	56	08/15/2014	-	3,242	08/15/2014	10	0	0	A. Admin
Client 4	**JKL12345**	33/33/3333	23	26	04/03/2020	-	1,184	undefined	5	0	0	A. Admin
Client 5	**MNO12345**	44/44/4444	36	48	03/08/2011	-	4,498	03/08/2011	13	0	0	A. Admin
Client 6	**PQR11111**	66/66/6666	47	61	03/10/2010	-	4,861	03/10/2010	11	0	0	A. Admin
Client 7	STU12345	55/55/5555	53	64	05/05/2012	-	4,074	05/05/2012	12	0	0	A. Admin
Client 8	**VWX22222**	77/77/7777	53	56	12/30/2019	-	1,279	12/30/2019	4	0	0	A. Admin
Client 9	**YZ123456**	88/88/8888	55	58	11/24/2020	-	949	undefined	3	0	0	A. Admin
Client 10	**BAC11111**	-	-	-	05/10/2023	-	52	undefined	0	0	0	A. Admin
Client 11	**CAD22222**	10/10/1010	60	60	05/18/2023	-	44	05/18/2023	0	0	0	A. Admin

Number of Enrollments: 11

Number of Unique Clients: 11

Number of Households: 10

1 / 1

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HMIS Data Quality Report [FY 2023]

Agency Name
CoC Category Filter: Agency CoC
Date Range: 10/01/2022 thru 06/30/2023

Q3. Universal Data Elements

Program Applicability: All Projects

Data Element	Error Count	% of Error Rate
Veteran Status (3.7)	0	0%
Project Start Date (3.10)	0	0%
Relationship to Head of Household (3.15)	0	0%
Client Location (3.16)	0	0%
Disabling Condition (3.8)	0	0%

Q4. Income and Housing Data Quality

Program Applicability: All Projects

Data Element	Error Count	% of Error Rate
Destination (3.12)	1	0.12%
Income and Sources (4.2) at Start	0	0%
Income and Sources (4.2) at Annual Assessment	0	0%
Income and Sources (4.2) at Exit	0	0%
Non-Cash Benefits (4.3) at Start	0	0%
Non-Cash Benefits (4.3) at Annual Assessment	0	0%
Non-Cash Benefits (4.3) at Exit	0	0%

Q5. Chronic Homeless

Program Applicability: ES, SH, Street Outreach, TH & PH(All)

Starting into project type	Count of total records	Missing time in institution (3.917.2)	Missing time in housing (3.917.2)	Approximate Date started (3.9.17.3) Missing	Number of times (3.9.17.4) DK/R/missing	Number of months (3.9.17.5) DK/R/missing	% of records unable to calculate
ES, SH, Street Outreach	0			0	0	0	0%
TH	0	0	0	0	0	0	0%
PH (all)	512	0	0	0	0	0	0%
Total	512						0%

Q6. Timeliness Program Applicability: All Projects		
Time for Record Entry	Number of Project Start Records	Number of Project Exit Records
0 days	518	634
1-3 days	352	81
4-6 days	33	49
7-10 days	4	22
11+ days	12	37

Q7. Inactive Records: Street Outreach and Emergency Shelter Program Applicability: Street Outreach & ES-Night By Night			
Data Element	# of Records	# of Inactive Records	% of Inactive Records
Contact (Adults and Heads of Household in Street Outreach or ES-NbN)	0	0	0%
Bed Night (All clients in ES-NbN)	0	0	0%

Programs Included in Dataset

Agency	Program Name

EXHIBIT 6

State of California
WELFARE AND INSTITUTIONS CODE
Section 8255

8255.

For purposes of this chapter:

(a) “Council” means the California Interagency Council on Homelessness, formerly known as the Homeless Coordinating and Financing Council established pursuant to Section 8257.

(b) “Core components of Housing First” means all of the following:

(1) Tenant screening and selection practices that promote accepting applicants regardless of their sobriety or use of substances, completion of treatment, or participation in services.

(2) Applicants are not rejected on the basis of poor credit or financial history, poor or lack of rental history, criminal convictions unrelated to tenancy, or behaviors that indicate a lack of “housing readiness.”

(3) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness.

(4) Supportive services that emphasize engagement and problem solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals.

(5) Participation in services or program compliance is not a condition of permanent housing tenancy.

(6) Tenants have a lease and all the rights and responsibilities of tenancy, as outlined in California’s Civil, Health and Safety, and Government codes.

(7) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction.

(8) In communities with coordinated assessment and entry systems, incentives for funding promote tenant selection plans for supportive housing that prioritize eligible tenants based on criteria other than “first-come-first-serve,” including, but not limited to, the duration or chronicity of homelessness, vulnerability to early mortality, or high utilization of crisis services. Prioritization may include triage tools, developed through local data, to identify high-cost, high-need homeless residents.

(9) Case managers and service coordinators who are trained in and actively employ evidence-based practices for client engagement, including, but not limited to, motivational interviewing and client-centered counseling.

(10) Services are informed by a harm-reduction philosophy that recognizes drug and alcohol use and addiction as a part of tenants’ lives, where tenants are engaged in nonjudgmental communication regarding drug and alcohol use, and where tenants are offered education regarding how to avoid risky behaviors and engage in safer practices, as well as connected to evidence-based treatment if the tenant so chooses.

(11) The project and specific apartment may include special physical features that accommodate disabilities, reduce harm, and promote health and community and independence among tenants.

(c) “Homeless” has the same definition as that term is defined in Section 91.5 of Title 24 of the Code of Federal Regulations.

(d) (1) “Housing First” means the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.

(2) (A) “Housing First” includes time-limited rental or services assistance, so long as the housing and service provider assists the recipient in accessing permanent housing and in securing longer term rental assistance, income assistance, or employment.

(B) For time-limited, supportive services programs serving homeless youth, programs should use a positive youth development model and be culturally competent to serve unaccompanied youth under 25 years of age. Providers should work with the youth to engage in family reunification efforts, where appropriate and when in the best interest of the youth. In the event of an eviction, programs shall make every effort, which shall be documented, to link tenants to other stable, safe, decent housing options. Exit to homelessness should be extremely rare, and only after a tenant refuses assistance with housing search, location, and move-in assistance.

(e) “State programs” means any programs a California state agency or department funds, implements, or administers for the purpose of providing housing or housing-based services to people experiencing homelessness or at risk of homelessness, with the exception of federally funded programs with requirements inconsistent with this chapter.

(Amended by Stats. 2021, Ch. 398, Sec. 3. (AB 1220) Effective January 1, 2022.)

EXHIBIT 7

Office of Homeless Services
Homeless Housing, Assistance and Prevention Program (HHAP)

VENDOR NAME: _____ FISCAL YEAR _____

VENDOR ID #: _____ BILLING PERIOD _____

INVOICE # - PO: _____ FUND CENTER/WBSE XXX-XXX-XXXX

BUDGET CATEGORIES (PER CONTRACT)		APPROVED BUDGET	PRIOR AMOUNT EXPENDED THROUGH	EXPENSES BILLED Current Month	AMOUNT EXPENDED TO DATE	REMAINING BALANCE	% Remaining
Eligible Use Category	WBSE						
		$100.00	$10.00	$10.00	$20.00	$80.00	80%
		$0.00			$0.00	$0.00	#DIV/0!
		$0.00			$0.00	$0.00	#DIV/0!
		$0.00			$0.00	$0.00	#DIV/0!
		$0.00			$0.00	$0.00	#DIV/0!
		$0.00			$0.00	$0.00	#DIV/0!
TOTAL OF ALL EXPENSES		$100.00	$10.00	$10.00	$20.00	$80.00	#DIV/0!

Notes:

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Economic Development Prepared By: Karla Tavera Staff Member Presenting: Jennifer McLain Hiramoto, Economic Development Director Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 16

SUBJECT: **A RESOLUTION OF INTENTION TO RENEW THE DOWNTOWN ONTARIO COMMUNITY BENEFIT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN DISTRICT**

RECOMMENDATION: That the City Council take the following actions:

A. Adopt a Resolution of Intention to renew the Downtown Ontario Community Benefit District and to levy and collect assessments within such District pursuant to California Streets and Highways Code 36600;
B. Direct Staff to mail the notice of public hearing and assessment ballots to all affected property owners within the proposed district boundaries.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods

FISCAL IMPACT: There is no immediate fiscal impact to the City associated with the subject recommendation and action.

BACKGROUND & ANALYSIS: On August 20, 2019, the City Council conducted a public hearing to tabulate ballots for the formation of the Downtown Ontario Community Benefits District (the "District"). Ballot Tabulation weighted majority in support of forming the District. In doing so, the District was established for a 5-year term. The District is now seeking to re-certify for a 10-year term. The objective of this proposition is to continue providing services and improvements that particularly benefit downtown property owners by increasing economic activity, retail and business experience, and enhancing the value of commercial and retail property. The renewal of the District will be key in the continued revitalization efforts downtown.

Special Benefit Districts are authorized by State Law under California Streets and Highway Code section 36600 in order to fund improvements and services that are over and beyond what City

services currently provide. Any special benefit assessments paid by property owners solely fund improvements to the public rights of way directly surrounding those properties within the District, and by law, these funds cannot be used outside of the District boundaries or to replace existing City services.

Property owners, District board members, and Staff were also invited to participate in a steering committee to help guide the types of services and improvements the District could offer. The input of the steering committee was essential for the creation of a Management District Plan (Attachment A), which establishes the District boundaries (Attachment B), the method of calculating property assessment values, a District budget, and the types of services and improvements to be funded by the District. The Engineer's Report (Attachment C), supporting the assessment, has been prepared by an assessment engineer, certified by the State of California as required by State law, and reviewed by the City Attorney.

Upon completion of the Management District Plan, a plan summary was mailed to each property owner in the proposed District, along with individual parcel assessments and a petition to renew the District. The support of property owners needed to be at least 50% of the assessed valuation within the District to trigger the Resolution of Intention. The petitions received weighted 52.44% in support therefore the City Council is able to adopt this Resolution of Intention to renew the District.

Upon the adoption of this Resolution of Intention, a public hearing will be scheduled for January 16, 2024 in order to receive written communication and hear public testimony regarding the renewal of the District and to calculate the results of the assessment ballots. If the weighted majority of returned, and not withdrawn, signed ballots support renewal of the District, the City Council may adopt a Resolution of Intention to renew the District and to levy the assessments on the benefitting parcels.

The Proposed Renewal for the

Downtown Ontario Community Benefit District

(DOCBD)

Management District Plan

for the
Downtown Ontario Improvement Association
&
The City of Ontario

Being Renewed for a 10-year Term Pursuant to

California Streets and Highways Code Section 36600 et seq.

Property & Business Improvement District Act of 1994, as amended

September 14, 2023



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mail@newcityamerica.com ▪ www.newcityamerica.com ▪ Facebook: New City America, Inc.

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Appendix 1: Year 1 – CBD Assessment Roll -29

Attachment 1: Certified Assessment Engineer's Report

MANAGEMENT DISTRICT PLAN SUMMARY

Background:

Beginning in the summer of 2018, the City of Ontario worked with a group of motivated property owners to gauge support within the community for a new *Special Benefits District* for both the Downtown property owners and business community alike. The City of Ontario has hired New City America – a company specializing in *Special Benefits District* formation and district management - to work with the Downtown property owners to investigate the viability of a new Community Benefit District (CBD) in Downtown.

The property owners voted overwhelmingly in August of 2019 (pre-COVID) to support the establishment of this new Community Benefit District, formed under the provisions of Section 36600 of the California Streets and Highway Code. Due to its work during COVID as well as the success of its management and the introduction of new development in Downtown Ontario, the property owners have decided to renew the DOCBD, this time for the maximum ten year term, which would commence on January 1st 2025. The documents shall serve as the renewal Management District Plan.

Accomplishments of the DOCBD Since its Formation:

Proposed Renewal Plan:

The *Downtown Ontario CBD* is a Property and Community Benefit District (DOCBD) being renewed for a 10-year period by the Owners Association, the Downtown Ontario Improvement Association Board within the CBD area. Understanding that the timeline for formation in time for Fiscal Year 2025 would be very challenging, property owners felt that the time had come for such a special benefits district and that these services would be needed to accommodate hundreds of new apartments as well as new businesses opening in 2023 - 24, and these services would be needed by the beginning of 2025.

The purpose of establishing this CBD is to provide and manage supplemental services and improvements for this important, historic and growing business center, including landscaping, beautification, marketing, district identity, safety, and administration services, programs and improvements. The DOCBD is a unique benefit assessment district that will enable the DOCBD property owners and businesses working as a unit, to fund needed property and business-related improvement programs, services and programs above what is provided by the City of Ontario.

Management Plan at a Glance:

Name: The name of the CBD is the Downtown Ontario Community Benefit District (DOCBD).

Management Entity: The Downtown Ontario Improvement Association (501c3)

Location: The proposed DOCBD is in the Downtown Ontario district along both sides of Euclid Avenue from the underpass just south of W. Emporia Street northward to the parcels to the south side of G Street. The western boundary is predominantly along North Palm Avenue, and the eastern boundary is predominantly along North Lemon Avenue.

Benefit Zones: There is one benefit zone within the proposed DOCBD. The boundaries of the benefit zone are coterminous with the boundaries of the proposed DOCBD.

Services: Civil Sidewalks, District Identity and Placemaking, Administration services, and Contingency. These services are proposed to be performed in the first year, and in each subsequent year, of the proposed DOCBD. 80% of the revenue generated by the proposed district will directly fund services to the property owners with less than 20% allocated to the oversight and administration of those services.

Finance: The financing of the CBD is based upon a benefit assessment of real property (204 parcels with 101 property owners). No bonds shall be issued to fund DOCBD programs.

Budget: CBD assessment revenue for Year 1 is projected to be $ 486,776. It is noted that the Assessment Engineer has determined that general benefits equate to 2% of the total adjusted CBD program costs of $496,710 or $ 9,934. General benefit costs shall be derived from non-assessment revenue sources such as grants, program income, credits, interest, memberships and other sources. Revenues from the assessment will increase by a maximum of 5% each year.

Year 1 – PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT COSTS)

Category of Special Benefit Services 2025	Approximate Annual Amount	Approximate Percentage of total budget
Civil Sidewalks	$ 290,000	60%
District Identity/Placemaking	$ 96,000	20%
Administration	$ 79,000	16%
Contingency	$ 21,776	4%
Total	$ 486,776	100%

Benefits: "General Benefit" is defined as: *"A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied."* "Special Benefit" as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the DOCBD or to the public at large.

Formula: There is one benefit zone in the DOCBD. (A map showing the DOCBD boundaries is shown in Chapter 2 of this Plan). Year 1 property assessment rates per parcel are as follows:

YEAR 1 –Assessment Rates

Benefit Zone	Annual Building Square Footage Cost	Annual Lot Size Cost	Annual Linear Frontage Cost
All parcels	$0.17	$0.065	$ 6.50
Residential Condos	$0.20	0	0

Assessments for the County of San Bernardino Property Tax Year fiscal beginning July 1, 2025 and ending June 30, 2034, are proposed to be collected at the same time and in the same manner as ad valorem taxes paid to the County of San Bernardino (Operation Years 2025-2034). The District assessments shall appear as a separate line item on the property tax bills issued by the San Bernardino County Assessor. The City of Ontario is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement this Management District Plan.

Cap: Assessment increases are capped at a maximum of 5% per year, subject to approval by the DOCBD Property Owner Association Board of Directors, Owners Association.

Renewal:

The DOCBD renewal is a two-step process. First, petitions signed by DOCBD property owners representing at least 50% of the total assessment to be levied must be secured. Second, property owners will be sent a ballot to vote on forming the CBD and levying the assessment. Returned ballots in support of the CBD Renewed must outweigh those in opposition based on the amount of assessment to be levied. Ballots are weighted based on the total assessment attributable to each parcel.

Duration

As allowed by State PBID Law, the renewed DOCBD will have a ten (10) year operational term from January 1, 2025 to December 31, 2034. The proposed renewed District operation is expected to begin services on January 1, 2025. If the District is not renewed, services will end on December 31, 2034.

II. DOCBD RENEWAL BOUNDARIES

General

The renewed Downtown Ontario CBD is located along Euclid Avenue (SR83) in Downtown Ontario, just south of Interstate 10 and north of Highway 60. The DOCBD is a grid based commcerial district with its eastern boundary proposed as predominantly on North Lemon Avenue and its west boundary proposed as predominantly along S. Palm Avenue. The district boundaries run the underpass just south of Emporia Street northward to the south side of G Street.

Boundary Description: The Downtown Ontario CBD encompasses approximately 23 square blocks centered by Euclid Avenue.

Benefit Zones: The District consists of one benefit zone.

District Boundary Rationale

The Downtown Ontario CBD boundaries are comprised of the commercial core parcels where the main economic activity of Downtown Ontario is centered. The commercial parcels fronting Euclid Avenue are the historic heart of the commercial core of the city of Ontario. These parcels showcase an array of commercial retailers, restaurants, retailers, service stores, the vast Town Center block, churches and soon will be home to a full block of market rate housing and a full block of a new university. After years of little if any new development, the corridor is now experiencing a renaissance of new market rate housing development in the form of new mixed use, market rate housing. Its proximity to Interstate 10, Highway 60, the Ontario Airport and the Metrolink station in Upland makes it an ideal place to live in and conduct commerce in the region. The new housing and excellent historic and contemporary housing surrounding Downtown is evolving into an emerging 21st century mixed use community. New retail in the form of stores, restaurants and coffee shops are following the growth of high density residential on Euclid Avenue.

Northern Boundary

The northern boundary of the CBD is defined by the commercial parcels which are located just south of G Street from the east side of North Laurel Avenue on the west and the west side of North Lemon Avenue on the east. The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided north of the northern District boundary.

Western Boundary

The western boundary of the Downtown Ontario CBD is at the southeastern corner parcel at the intersection of West G Street and North Laurel Avenue (parcel 1048-356-01) and runs south along the eastern side of North Laurel to the intersection of West D Street and North Laurel Avenue. The boundary then runs straight west along the south side of West D Street to the intersection of North Palm Avenue and West G Street. From there, the boundary runs south along the east side of North Palm Avenue from parcel 1048-561-13 southward to parcel 1049-056-06 at the

intersection of West Emporia Street and North Palm Avenue. The boundary then runs west along the south side of West Emporia Street to include the western most parcel 1049-059-07.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided west of the western District boundary.

Southern Boundary

The southern boundary of the CBD begins at parcel 1049-059-07 on West Emporia Street and runs on the south side of all the parcels on West Emporia Street to the parcel at the west side of the intersection of West Emporia Street and North Plum Street, ending at parcel 1049-064-14.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided south of the southern District boundary.

Eastern Boundary

The eastern boundary of the CBD begins at the parcel at the west side of the intersection of West Emporia Street and North Plum Street, at parcel 1049-064-14 and runs northward along the west side of North Plum Avenue to the parcel at the southwestern corner of the intersection of East Holt Blvd and North Plum Avenue, parcel 1049-063-05. The boundary then runs westward for one block on the south side of East Holt Blvd. to the southeastern parcel of the intersection of South Lemon Avenue and East Holt Blvd., parcel 1049-063-01, and then runs northward along the western side of North Lemon Avenue up to the parcel at the southwestern corner of the intersection of East G Street and North Lemon Avenue, ending at parcel 1048-361-05.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided east of the eastern District boundary.

Summation

A list of all parcels included in the proposed DOCBD are shown as Appendix 1, attached to this report identified by their respective San Bernardino County assessor parcel numbers. The boundary of the proposed DOCBD is shown on the map of the DOCBD is to be found on page 10 of this report.

All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental programs, services and improvements that provide a special benefit to assessed parcels, as outlined in this Management District Plan. All DOCBD funded services, programs and improvements shall be provided within the above described boundaries and no services shall be provided outside of the DOCBD. Each assessed parcel within the DOCBD will specially benefit from the District funded programs and services (i.e. Civil Sidewalks, District Identity and Place Making, Administration and Contingency).

These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment viability of individually assessed parcels and businesses within the DOCBD. The DOCBD confers special benefits on each individually assessed parcel by reducing crime, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses and residential rental units within the District, all considered supplemental in a competitive properly managed Downtown district.

All District funded services programs and improvements are supplemental, above normal base level services provided by the City of Ontario and are only provided for the special benefit of assessed parcels within the boundaries of the proposed renewed DOCBD.

The District includes 204 parcels of which all are identified as assessable which are listed in the Assessment Roll included as Appendix 1.


Ontario District Map | June 2023
NEW CITY America, Inc.
E H St
E El Morado Ct
E G St
E F St
E E St
E D St
E C St
E B St
E Holt Blvd
E Transit St
E Main St
W G St
W F St
W E St
W D St
W C St
W Holt Blvd
W Emporia St
S Vine Ave
N Vine Ave
N Fern Ave
S Fern Ave
N Laurel Ave
S Laurel Ave
N Palm Ave
S Palm Ave
Euclid Ave
N Lemon Ave
S Lemon Ave
N Plum Ave
N Cherry Ave
S Cherry Ave
N Sultana Ave
1048-356
1048-361
1048-355
1048-362
1048-354
1048-363
1048-551
1048-561
1048-566
1048-562
1048-565
1048-552
1048-563
1048-564
1048-553
1049-055
1049-057
1049-061
1049-063
1049-056
1049-058
1049-062
1049-064
1049-059
LEGEND
District Parcel
Parcel
0 125 250 500 Feet

III. PROPOSED TEN-YEAR CBD RENEWAL WORK PLAN AND BUDGET

Overview

The Programs and activities to be funded by the DOCBD will include Civil Sidewalks, District Identity and Place Making, Administration services, and Contingency. The property uses within the boundaries of the District that will receive special benefits from District funded programs, services and improvements are currently a unique mix of retail, office, grocery, restaurant, ecumenical, banking, public space, mixed use housing developments, service and other commercial uses. District funded activities are primarily designed to provide special benefits as described below to identify assessed parcels and array of land uses within the boundaries of the District.

These benefits are distinct to each identified assessed parcel within the DOCBD and are not provided to non-assessed parcels outside of the District. These programs, services and improvements will only be provided to each individual assessed parcel within the District boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the DOCBD, the very nature of the purpose of this District is to fund supplemental programs, services and improvements to assessed parcels within the District boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Ontario does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the District are for services, programs and improvements directly benefiting each individual assessed parcel within the District. No District funded services, activities or programs will be provided outside of the District boundaries.

The projected program special benefit cost allocation of the District assessment revenues for the 10-year District term assuming a 5% maximum annual assessment rate increase is shown in the Table on page 14 of this Plan.

Renewal Work Plan Details

The special benefit services to be provided by the DOCBD are all designed to contribute to the cohesive commercial fabric and to ensure economic success and vitality of the District. The assessed parcels in the CBD will specially benefit from the District programs in the form of increasing commerce and improving economic success and vitality through meeting the CBD goals: to improve sanitation, beautification, landscaping, and to attract new and retain existing businesses and services, and ultimately to increase commerce and improve the economic viability of each individual assessed parcel. The following programs, services and improvements are proposed by the DOCBD to specially benefit each individually assessed parcel within the District boundaries. DOCBD services, programs and improvements will not be provided to parcels outside the District boundary.

Year 1 – PROPOSED RENEWAL BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT COSTS)

The proposed "bundles" of special benefit services are listed below.

CIVIL SIDEWALKS:

Examples of this category of special benefit services and costs may include, but is not limited to:

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces supplemental to what is current being provided by the City of Ontario
- Installation of and maintenance of hanging plants, planting flowers throughout the district
- Private security or case workers to respond to homeless issues, aggressive panhandling and mentally ill people behaving poorly in the public rights of way, including possible hiring of Ontario PD Bike patrols and/or a camera system

DISTRICT IDENTITY AND PLACEMAKING:

Examples of this category of special benefit services and costs may include, but is not limited to:

- Web site development and updating
- Management and coordination of special events
- Social media
- Public relations firm
- Holiday and seasonal decorations
- Branding of the Downtown Ontario CBD properties so a positive image is promoted to the public
- Banner programs
- Public art displays
- Logo development
- Public space design and improvements

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs
- Directors and Officers Insurance, General Liability and other insurance coverages
- Office related expenses
- Rent
- Financial reporting and accounting, and legal services

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

As with other plans in similar CBDs, this management plan sets aside a 4% contingency/reserve which provides for costs related to operating the district. Those costs may include, but not be limited to:

- City and/or County fees associated with their oversight and implementation of the District,
- the implementation of the Management District Plan and the Engineer's Report.
- City fees to collect and process the assessments, delinquencies and non-payments. A percentage of the budget is held in reserve to offset delinquent and/or slow payment from both public and private properties. This component also funds the expenses charged by the County of San Bernardino for collection and distribution of DOCBD revenue.
- Other unanticipated costs related to the compliance of the Management District Plan and Engineer's report.
- Funding for renewal of the District;

METHOD OF FINANCING:

The financing of the renewed Downtown Ontario CBD is based upon the levy of special assessments upon real property that receive special benefits from the improvements and activities. There will be five factors used in the determination of proportional benefit to the parcels in the CBD. Those four factors are:

- Linear frontage
- Lot size or the footprint of the parcel
- Building square footage (excluding parking structures built within the building that predominantly serve the tenants of the building and are not open to the public) and
- New Residential condominiums built within the District boundaries

PROGRAM & ACTIVITY BUDGET

Each identified assessed parcel within the renewed DOCBD will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of District funded services provided, except those tax-exempt owner-occupied parcels which shall only for the direct special benefits they will be receiving along the frontage of their parcels facing streets within the DOCBD. The projected District program special benefit (assessment) cost allocation budget for Year 1 is shown in the following Table:

Year 1 – PROPOSED RENEWAL BUDGET (ASSESSMENT REVENUES)

Category of Special Benefit Services 2025	Approximate Annual Amount	Approximate Percentage of total budget
Civil Sidewalks	$ 290,000	60%
District Identity/Placemaking	$ 96,000	20%
Administration	$ 79,000	16%
Contingency	$ 21,776	4%
Total	$486,776	100%

To carry out the District programs outlined in the previous section, a Year 1 assessment budget of $484,314.00 is projected. Since the District is planned for a 10-year term, projected program costs for future years (Years 2-10) are set at the inception of the District. While future inflationary, new development assessments and other program cost increases are unknown at this point, a built-in maximum increase of 5% per annum, commensurate to special benefits received by each assessed parcel, is incorporated into the projected program costs and assessment rates for the 10-year District term. The District shall adhere to the budget and Management District Plan.

While some variation is permissible to account for unexpected circumstances, the funding allocated to each funding category expressed as a percentage of the total budget, shall not vary by more than 10% of total budget from each year's percentage in the Management District Plan. Any proposed variation that exceeds 10% of total budget shall be subject to review and approval of the City Manager's office. Any surplus or unspent funds, per category, may accumulate year to year over the life of the CBD. A 10-year projected DOCBD budget is shown in the following Table:

YEAR 1-10 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (Special Benefit Costs)
(Assumes 5% max rate increase per year)

Year	Civil Sidewalks	District Identity and Placemaking	Administration	Contingency	Total
%	60%	20%	16%	4%	100%
1	$ 290,000.00	$ 96,000.00	$ 79,000.00	$ 21,776.00	$ 486,776.00
2	$ 304,500.00	$ 100,800.00	$ 82,950.00	$ 22,864.80	$ 511,114.80
3	$ 319,725.00	$ 105,840.00	$ 87,097.50	$ 24,008.04	$ 536,670.54
4	$ 335,711.25	$ 111,132.00	$ 91,452.38	$ 25,208.44	$ 563,504.07
5	$ 352,496.81	$ 116,688.60	$ 96,024.99	$ 26,468.86	$ 591,679.27
6	$ 370,121.65	$ 122,523.03	$ 100,826.24	$ 27,792.31	$ 621,263.23
7	$ 388,627.74	$ 128,649.18	$ 105,867.56	$ 29,181.92	$ 652,326.40
8	$ 408,059.12	$ 135,081.64	$ 111,160.93	$ 30,641.02	$ 684,942.72
9	$ 428,462.08	$ 141,835.72	$ 116,718.98	$ 32,173.07	$ 719,189.85
10	$ 449,885.18	$ 148,927.51	$ 122,554.93	$ 33,781.72	$ 755,149.34

The Assessment Engineer (see attached Engineer's Report) has found that the general benefits (i.e. general benefits to assessed parcels within the District, the general public and surrounding parcels outside the DOCBD) of the proposed programs, services and improvements (i.e. Civil Sidewalks, District Identity and Placemaking, Administration services, and Contingency) represent 2% of the total benefits generated and, in turn, 2% ($ 9,934) of the total adjusted costs of the DOCBD funded improvements, activities and services provided.

Total Year 1 adjusted costs are estimated at $ 496,710. General benefits are factored at 2% of the total adjusted costs (see Finding 2 in the attached Engineer's Report) with special benefits set at 98%. Article XIIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be $ 9,934 with a resultant 98% special benefit limit computed at $ 486,776. *Based on current property data and land uses, this is the maximum amount of Year 1 revenue that can be derived from property assessments from the subject District.*

All program costs associated with general benefits will be derived from sources other than District assessments. Sample "other" revenue sources are shown in the following Table:

Special and General Benefit Revenue Sources

Revenue Source	Revenue	% of Total
District Assessments	$ 486,776	98%
Grants, donations, sponsors, program income, etc.	$9,934	2%
Total	$ 496,710	100.0%

The DOCBD assessments may increase for each individual parcel each year during the 10-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners' Association Board of Directors, included in the Annual Planning Report and adopted by the Ontario City Council.

Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners' Association Board of the Directors (Property Owner's Association of the DOCBD) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The Owners' Association Executive Director or staff shall communicate the annual increase to the City each year in which the District operates at a time determined in the Administration Contract held between the Owners' Association and the City of Ontario.

No bonds are to be issued in conjunction with the proposed renewed District.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 5th year of operation will be rolled over into the renewed budget or returned to stakeholders. District assessment funds may be used to pay for costs related to the following District renewed term. If the District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners in the same proportion in which they were collected.

Manner of Collection

Assessments for the County of San Bernardino Property Tax Year fiscal beginning July 1, 2024 and ending June 30, 2034, are proposed to be collected at the same time and in the same manner as ad valorem taxes paid to the County of San Bernardino (Operation Years 2025-2034). The District assessments shall appear as a separate line item on the property tax bills issued by the San Bernardino County Assessor. The City of Ontario is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement this Management District Plan.

IV PROPOSED RENEWAL ASSESSMENT FORMULA

The DOCBD programs and services described in this Management District Plan will be funded through benefit assessments against real property in DOCBD and non-assessment revenues to fund the costs associated with general benefits conferred on assessed parcels within the District, the public at large and surrounding parcels outside of the DOCBD boundaries. The assessment formula has been developed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the programs, services and improvements to be funded by the proposed benefit assessments. The assessment rates are based on the anticipated benefit to be derived by each individual parcel within the boundary of the DOCBD.

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed DOCBD (i.e. Civil Sidewalks, District Identity and Placemaking, Administration services, and contingency), the assessment factors on which to base assessment rates relate directly to the proportionate amount of land area and street frontage within district boundaries.

The "Basic Benefit Units" will be expressed as a combined function of land square footage (Benefit Unit "A"), street frontage (Benefit Unit "B") and building square footage, (Benefit unit "C"). Based on the shape of the proposed renewed DOCBD, as well as the nature of the District program elements, it is determined that all identified assessed properties will gain a direct and proportionate degree of special benefit based on the respective amount of land area, street frontage and building square footage.

For the array of land uses within the District, the interactive application of land area, street frontage and building square footage quantities are a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of District funded services, programs and improvements. Each of these factors directly relates to the degree of special benefit each assessed parcel will receive from District funded activities.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on District funded activities. The targeted weight of this factor, land area, should generate approximately 27% of the total first year District revenue.

Linear Frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on District funded activities, many of which are linear in nature (i.e. Landscaping, Sanitation and Beautification). The targeted weight of this factor, street frontage, should generate approximately 36% of the total District revenue.

Building Square Footage is a direct measure of the current and future improvements to the building square footage of each parcel and its corresponding impact or draw on District funded activities. The targeted weight of this factor, building square footage, should generate approximately 37% of the total District revenue.

Building square footage that is allocated to parking solely for tenants and is NOT available to the public at any time, at market rates, shall have that portion of the building square footage exempted from the individual parcel's gross building square footage. This reduction or exemption only applies to the building square footage of structured parking that is not available to public access and use. The individual parcel owner has the responsibility to inform the Management Corporation (Owners Association) if such deductions are applicable since County records to not reveal this information via County tax records.

Enhanced Residential Condominium Unit Improvements: *(currently don't exist within the boundaries of the District)*

Future residential condominium development within the boundaries of the District will be assessed separately due to their unique characteristics and special benefit needs. Residential condominiums or town homes will have the following special benefit services conferred on the frontage their parcels. These services may include, but will not be limited to:

- Installation, stocking and upkeep of pet waste stations on the frontages adjacent to high concentrations of residential condominium individually assessed parcels;
- Enhancement and beautification of sidewalks on the frontages adjacent to high concentrations of residential individually assessed parcels;
- Installation of hanging plants and enhanced upkeep of the sidewalks surrounding frontages adjacent to residential condominiums;
- Other services requested by residents that confer special benefits to the areas directly adjacent to parcels with high concentrations of residential condominiums;
- Proportional share of the Administrative and Contingency costs to cover the oversight of enhanced beautification special benefit services.

Considering all identified specially benefiting parcels within the District and their respective assessable benefit units, the rates, cumulative quantities and assessment revenues by factor and zone are shown in the following tables:

Data generated from County records and validated by request of owner verification by mail:

Land Area/Lot size:	2,031,094 feet of assessable land area square footage
Linear Frontage:	27,356 linear feet of assessable linear frontage
Gross Building Square footage	1,040,518 feet of assessable building square footage
Residential Condominiums	0

Note: Tax-exempt owner-occupied parcels will only be assessed for the lot square footage and linear frontage of the individual parcels fronting on any street within the boundaries of the DOCBD since *civil sidewalks and administration* are the only special benefit services that will be provided to those individual parcels according to this Management Plan. The lot square footage and linear frontage will be calculated along the same property lines as adjacent parcels.

Year 1 – Projected DOCBD Assessment Revenue

	LAND AREA ASSMT REVENUE	LINEAR FRONTAGE ASSMT REVENUE	BUILDING SQUARE FOOTAGE ASSMT. REVENUE	RESIDENTIAL CONDOMINIUM UNIT REVENUE	SUBTOTAL ASSMT REVENUE
Revenue	$132,074	$ 177,814	$ 176,888	0	$ 486,776
Percentage of total	27%	36.5%	36.5%	0%	100%

The number of Benefit Units for each identified benefiting parcel within the proposed DOCBD was computed from data extracted from County Assessor records and maps as well as property verification forms mailed out to each parcel owner in the proposed District. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel.

The assessment formula for the proposed renewed DOCBD is as follows:

Assessments = Land Area (Unit A) Sq Ft x Unit A Rate, plus
Street Frontage (Unit B) Lin Ft x Unit B Rate, plus
Building Square footage (Unit C) Sq Ft x Unit C rate

YEAR 1 – Assessment Rates

Land Area annual assessment Unit A	Linear Frontage annual assessment Unit B	Building square forage annual assessment Unit C	Residential Condominiums
$ 0.065 per square foot	$ 6.50 per linear foot	$0.17 per square foot	$0.20 per square foot for building square footage

Changes to Frontage, Building or Lot Parcel Size
Any changes in frontage, building and lot parcel size as a result of all three land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

Other Future Development
Other than future maximum rates with the frontage, building or parcel size assessment methodology delineated in this report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Plan would require a new Proposition 218 ballot procedure in order to approve any such changes.

Future Residential Condominium Unit Parcels Defined:
Future residential condominium units building square footage is defined as the livable building square footage within the walls of the condominium residential unit parcel. They are included in a special category to designate their unique special benefits relative to the other commercial parcels within the Downtown Ontario CBD. Unlike the other commercial parcels in the district, including commercially operated apartment buildings, residential condominium parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage.

Future residential condominium individually assessed parcels are assessed as a separate category. These future residential condominium individual parcels will be assessed for their building square footage only at the rate of $0.20 per square foot per year, commencing the first year of their completion if *the assessment rate has not been adjusted annually as allowed in this plan.* The rationale for assessing future residential condominiums only for the building square footage rate is provided below and its cost will be based upon the year that the residential condominium may be completed, (please see chart on page 23).

Residential condominium parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and landlord have an economic relationship as opposed to residential condominium buildings where individual property owners own separate “air space parcels” on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are as follows:

1. *The Davis Sterling Act establishes rules and regulations for residential condominium owners based upon “separate interests” (i.e. ownership rights), as opposed to renters who only have a possessory interest.*

2. *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality of life issues due to their investment in real estate.*
3. *Residential owners have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condominium owners are required to contribute to legally renewed Homeowners Associations to oversee building maintenance, tenants are not.*
5. *Residential tenants may have their dwelling units sold or have their rent raised arbitrarily due the lack of ownership of their residential units.*

The assessment methodology has been written to confer special benefits to future residential condominium individual assessed parcels since future residential condominium owners have unique investment backed expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest. The future residential condominiums' special assessment methodology ensures that a fund will be renewed to maintain high levels of special benefit services that apply directly and proportional to the blocks that demand virtually seven days per week, 365 days per year special benefits.

DOCBD – 10-year Maximum Assessment Rates

(Includes a 5%/Yr. Maximum Increase)

Year	Lot Square Foot Assessment Rate	Linear Frontage Assessment Rate	Building Square Footage Assessment Rate	Residential Condominium (only assessed for building sq. ft.)
1	$ 0.0650	$ 6.50	$ 0.1700	$ 0.20000
2	$ 0.0683	$ 6.83	$ 0.1785	$ 0.21000
3	$ 0.0717	$ 7.17	$ 0.1874	$ 0.22050
4	$ 0.0752	$ 7.52	$ 0.1968	$ 0.23153
5	$ 0.0790	$ 7.90	$ 0.2066	$ 0.24310
6	$ 0.0830	$ 8.30	$ 0.2170	$ 0.25526
7	$ 0.0871	$ 8.71	$ 0.2278	$ 0.26802
8	$ 0.0915	$ 9.15	$ 0.2392	$ 0.28142
9	$ 0.0960	$ 9.60	$ 0.2512	$ 0.29549

10	$ 0.1008	$ 10.08	$ 0.2637	$ 0.31027

SAMPLE DOCBD FIRST YEAR ANNUAL ASSESSMENT CALCULATION:

A 5,000 sq. ft. lot with 50 linear feet in Downtown Ontario in street frontage and a 2,500 square foot building

Land/Lot size square footage: 5,000 x $.065 cents per square foot = $325.00 plus

Liner Frontage: 50 linear feet x $6.50 per linear foot = $325.00 plus

Building Square Footage 2,500 x $0.17 cents per square foot = $42.50

TOTAL YEAR 1 ASSESSMENT: $ 692.50
Cost Per Month: $ 57.70
Cost Per Day: $ 1.90

A residential condominium, once built, would pay as follows: *(based upon the chart above if no annual increases have been applied to the overall budget)*

Building Square footage: 1,000 square feet x $0.20 per sq. ft. =$200.00

The complete Year 1 – assessment roll of all parcels to be assessed by this CBD is included in this Plan as Appendix I.

V. PUBLICLY OWNED PARCELS

The State Constitution - Article 13D (Proposition 218) states that "parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit."

There are 75 publicly owned parcels within the renewed District, all of which are identified as assessable and for which special benefit services will be provided. 55 identified assessed parcels are owned by the City of Ontario, 19 are owned by the City of Ontario Housing Authority, one is owned by the US Postal Service and one is owned by the San Bernardino County Housing

Authority. All publicly owned parcels will be assessed as all other commercial parcels are assessed in accordance to this plan, that is on their parcel lot size, linear frontage and building square footage.

Each of these publicly owned parcels will directly receive special benefit from improved Civil Sidewalks, District Identity and Placemaking, Administration services, and contingency.

These 75 identified assessed publicly owned parcels/facilities will specially benefit from DOCBD funded programs and services from cleaner and safer facility entrances and street frontages as well as serve for a better, improved district for the hundreds of City employees and residents in the City, Housing Authority and Postal Service owned parcels.

In the opinion of the Assessment Engineer, there is no evidence that these 75 publicly owned parcels will not proportionately specially benefit from District services, programs and improvements; therefore, each publicly owned parcel will be assessed at the rates with assessments to be based on the lot square footage area, street linear frontage and building square footage of each parcel. The Table below lists all publicly owned parcels within the proposed renewed DOCBD and their Year 1 assessment amounts:

City of Ontario, Ontario Housing Authority, San Bernardino County Housing Authority and US Postal Service Publicly owned parcels

APN	Legal Owner	Site Address	Annual Assessment
1048-354-12-0000	CITY OF ONTARIO	D ST	$ 3,743.22
1048-354-13-0000	CITY OF ONTARIO	LAUREL AVE	$ 882.70
1048-355-02-0000	CITY OF ONTARIO		$ 862.49
1048-355-11-0000	CITY OF ONTARIO		$ 1,041.11
1048-356-08-0000	CITY OF ONTARIO	603 N EUCLID AVE	$ 784.30
1048-356-11-0000	CITY OF ONTARIO	F ST	$ 994.44
1048-363-02-0000	CITY OF ONTARIO	PARKING LOT	$ 5,147.09
1048-363-03-0000	CITY OF ONTARIO	PARKING LOT	$ 2,204.28
1048-363-04-0000	CITY OF ONTARIO	404 N EUCLID AVE	$ 3,772.70
1048-363-05-0000	CITY OF ONTARIO	414 N EUCLID AVE	$ 9,198.98
1048-551-10-0000	CITY OF ONTARIO	116 E D ST	$ 5,824.13
1048-552-13-0000	CITY OF ONTARIO	126 E C ST	$ 5,796.64
1048-552-14-0000	CITY OF ONTARIO	124 E C ST	$ 1,871.74
1048-552-18-0000	CITY OF ONTARIO	N EUCLID	$ 142.29
1048-553-02-0000	CITY OF ONTARIO	118 E B ST	$ 1,620.74
1048-553-03-0000	CITY OF ONTARIO	B ST	$ 864.24
1048-553-04-0000	CITY OF ONTARIO	127 N LEMON AVE	$ 2,014.74
1048-553-16-0000	CITY OF ONTARIO	126 N EUCLID AVE	$ 1,329.51
1048-553-17-0000	CITY OF ONTARIO	128 N EUCLID AVE	$ 3,912.85
1048-562-01-0000	CITY OF ONTARIO	215 W C ST	$ 9,035.13
1048-563-06-0000	CITY OF ONTARIO	HOLT BLVD	$ 2,077.73
1048-564-03-0000	CITY OF ONTARIO	139 N EUCLID AVE	$ 4,507.80

1048-564-05-0000	CITY OF ONTARIO	125 N EUCLID AVE	$	952.50
1048-564-06-0000	CITY OF ONTARIO	121 N EUCLID AVE	$	904.28
1048-564-13-0000	CITY OF ONTARIO	LAUREL AVE	$	786.44
1048-564-14-0000	CITY OF ONTARIO	LAUREL AVE	$	1,235.78
1048-565-01-0000	CITY OF ONTARIO	127 W C ST	$	3,411.72
1048-565-02-0000	CITY OF ONTARIO	115 W C ST	$	688.50
1048-565-03-0000	CITY OF ONTARIO	245 N EUCLID AVE	$	7,936.01
1048-565-09-0000	CITY OF ONTARIO	207 N EUCLID AVE	$	1,406.70
1048-565-13-0000	CITY OF ONTARIO	LAUREL AVE	$	1,029.34
1048-565-14-0000	CITY OF ONTARIO	LAUREL AVE	$	549.12
1048-566-01-0000	CITY OF ONTARIO	123 W D ST	$	1,274.00
1048-566-02-0000	CITY OF ONTARIO	123 W D ST	$	1,903.11
1048-566-03-0000	CITY OF ONTARIO		$	864.24
1048-566-08-0000	CITY OF ONTARIO	301 W C ST	$	156.00
1048-566-09-0000	CITY OF ONTARIO	W C ST	$	1,603.03
1048-566-10-0000	CITY OF ONTARIO	LAUREL AVE	$	2,014.74
1048-566-11-0000	CITY OF ONTARIO	324 N LAUREL AVE	$	1,116.10
1049-056-01-0000	CITY OF ONTARIO	221 W TRANSIT ST	$	2,640.63
1049-056-02-0000	CITY OF ONTARIO	211 W TRANSIT ST	$	628.68
1049-056-03-0000	CITY OF ONTARIO	W TRANSIT ST	$	628.68
1049-056-04-0000	CITY OF ONTARIO	200 S LAUREL AVE	$	1,322.10
1049-056-05-0000	CITY OF ONTARIO	208 W EMPORIA ST	$	5,164.63
1049-056-06-0000	CITY OF ONTARIO	228 W EMPORIA ST	$	2,614.63
1049-057-06-0000	CITY OF ONTARIO	W TRANSIT ST	$	1,378.00
1049-057-07-0000	CITY OF ONTARIO	206 W TRANSIT ST	$	567.00
1049-058-02-0000	CITY OF ONTARIO	W TRANSIT ST	$	772.01
1049-059-14-0000	CITY OF ONTARIO	EMPORIA ST	$	5,193.70
1049-062-01-0000	CITY OF ONTARIO	225 S EUCLID AVE	$	7,333.16
1049-062-02-0000	CITY OF ONTARIO	TRANSIT ST	$	5,205.20
1049-063-02-0000	CITY OF ONTARIO	214 E HOLT BLVD	$	3,449.12
1049-064-12-0000	CITY OF ONTARIO		$	524.16
1049-064-13-0000	CITY OF ONTARIO	217 S LEMON AVE	$	2,782.42
1049-064-14-0000	CITY OF ONTARIO	204 E TRANSIT ST	$	8,225.17
		TOTAL	$	143,889.68
1048-551-11-0000	ONTARIO HOUSING AUTHORITY	312 N EUCLID AVE	$	4,211.09
1048-551-12-0000	ONTARIO HOUSING AUTHORITY	334 N EUCLID AVE	$	3,246.10
1048-551-13-0000	ONTARIO HOUSING AUTHORITY	127 E C ST	$	1,756.95
1048-552-15-0000	ONTARIO HOUSING AUTHORITY	C ST	$	223.54
1048-552-17-0000	ONTARIO HOUSING AUTHORITY	240 N EUCLID AVE	$	3,287.55
1048-552-24-0000	ONTARIO HOUSING AUTHORITY		$	2,849.08
1048-553-01-0000	ONTARIO HOUSING AUTHORITY	W B ST	$	1,685.71
1048-553-05-0000	ONTARIO HOUSING AUTHORITY	115 N LEMON AVE	$	634.40
1048-553-06-0000	ONTARIO HOUSING AUTHORITY	127 E HOLT BLVD	$	1,268.15
1048-553-07-0000	ONTARIO HOUSING AUTHORITY	123 E HOLT BLVD	$	486.92
1048-553-08-0000	ONTARIO HOUSING AUTHORITY	121 E HOLT BLVD	$	782.02
1048-553-09-0000	ONTARIO HOUSING AUTHORITY	E HOLT BLVD	$	413.14
1048-553-10-0000	ONTARIO HOUSING AUTHORITY	E HOLT BLVD	$	1,112.80
1048-553-11-0000	ONTARIO HOUSING AUTHORITY	N EUCLID AVE	$	455.39

1048-553-12-0000	ONTARIO HOUSING AUTHORITY	110 N EUCLID AVE	$	455.39
1048-553-13-0000	ONTARIO HOUSING AUTHORITY	112 N EUCLID AVE	$	2,610.78
1048-553-14-0000	ONTARIO HOUSING AUTHORITY	118 N EUCLID AVE	$	485.42
1048-553-15-0000	ONTARIO HOUSING AUTHORITY	122 N EUCLID AVE	$	1,110.88
		TOTAL	$	27,075.29
1049-058-03-0000	SAN BERNARDINO COUNTY HOUSING AUTH	200 S EUCLID AVE	$	5,450.32
1049-057-01-0000	UNITED STATES OF AMERICA	123 E HOLT BLVD	$	4,266.08

VI. DOCBD DISTRICT GOVERNANCE

The governance or management of a CBD typically requires an "Owners' Association" to carry out the CBD services and activities. State CBD Law (36600 Streets & Highways Code) also requires that the Owner's Association carry out specific additional functions. This includes preparation of an Annual Report to the City Council on the CBD activities for the past fiscal year and those proposed for the next fiscal year. The Owner's Association may also recommend to the City Council from time to time, changes to the CBD boundaries, assessment formula or CBD programs and activities, all subject to public notification and, in some cases petition/balloting requirements.

Meetings of the Owners' Association and its standing Committees shall be subject to the State of California "Brown Act" open meeting law. *Since the establishment of the DOCBD, by a vote of the affected property owners in 2019, the Owners Association has now incorporated into a public benefit, non-profit organization (501c3), named the Downtown Ontario Improvement Association.*

VII. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT

There are no specific rules or regulations applied to this CBD or its Owners' Association.

VIII. OTHER ITEMS

No bonds will be issued for any DOCBD projects in conjunction with this formation.

IX. IMPLEMENTATION TIMETABLE

Task	Timeline
The DOCBD Renewal Committee approves the rough draft DOCBD Renewal Management Plan	The Renewal Committee approves the preliminary plan in July including boundaries, budget, the percentage allocation of each special service category, management and term.
Management District Plan (MDP) submitted to City and Assessment Engineer	The state constitution requires that the Management District Plan be certified as compliant with Proposition 218 by an Assessment Engineer. The Plan must also be approved by the City Attorney and City Manager. Estimated time for completion of this process is the middle of August.
Management District Plan is approved by the City Attorney and Assessment Engineer and petition drive is launched	We anticipate the petition drive to be launched by the CBD Steering Committee in late August , with the target completion date by the beginning of September. 50% of the assessment amount paid by property owners must sign a petition endorsing the DOCBD Renewal Plan to initiate a mail balloting procedure of property owners
Resolution of Intent	In mid-September, the City Council will receive a staff report and consider and adopt a "Resolution of Intent" to form the Downtown CBD. The requisite number of weighted petitions must be submitted to the City to trigger this process and allow the balloting to proceed. The City Council would then instruct the City Clerk to mail ballots to all affected property owners within the CBD boundaries. The ballots will be due by the public hearing date and will allow each property owner to vote yes or no on the mail ballot.
Public Hearing	It is anticipated that the public hearing will be held the middle of November. Testimony will be given by property owners and the City Clerk will open and calculate the ballots. The DOCBD may be formed if the *weighted majority of returned, signed ballots* support the formation of the district.
Resolution of Formation	Once the weighted return ballots are calculated and demonstrate support for the formation of the Downtown CBD, the City Council may then adopt a "Resolution of Formation" to create the CBD. The City Council may vote to levy the assessments on the benefitting parcels.
First assessments transferred	The first assessment billings would be due with the December 2024 property tax bills. The first assessments will be transferred from the City to the Downtown Ontario Improvement Association after the first installments of assessments were collected by the County and the City in December 2024 or January 2025

APPENDIX 1

YR 1
ASSESSMENT ROLL

APN	Annual Assessment
1048-354-01-0000	$1,960.27
1048-354-02-0000	$3,974.53
1048-354-03-0000	$3,264.84
1048-354-04-0000	$1,112.13
1048-354-05-0000	$328.50
1048-354-06-0000	$430.85
1048-354-07-0000	$1,844.41
1048-354-08-0000	$701.80
1048-354-09-0000	$1,112.13
1048-354-10-0000	$982.39
1048-354-11-0000	$4,234.00
1048-354-12-0000	$3,743.22
1048-354-13-0000	$882.70
1048-355-02-0000	$862.49
1048-355-03-0000	$2,342.43
1048-355-04-0000	$1,360.80
1048-355-05-0000	$738.79
1048-355-06-0000	$934.77
1048-355-07-0000	$1,830.21
1048-355-08-0000	$1,425.51
1048-355-11-0000	$1,041.11
1048-355-13-0000	$983.12
1048-355-15-0000	$4,493.66
1048-355-16-0000	$3,041.32
1048-356-01-0000	$4,154.59
1048-356-02-0000	$3,496.54
1048-356-03-0000	$1,278.58
1048-356-04-0000	$1,356.52
1048-356-05-0000	$3,018.78
1048-356-06-0000	$753.23
1048-356-07-0000	$455.39
1048-356-08-0000	$784.30
1048-356-09-0000	$1,251.60
1048-356-10-0000	$484.38
1048-356-11-0000	$994.44
1048-356-12-0000	$2,878.98
1048-356-13-0000	$1,116.22
1048-361-01-0000	$3,573.33
1048-361-02-0000	$811.27
1048-361-03-0000	$775.45
1048-361-04-0000	$2,048.49
1048-361-05-0000	$1,189.46
1048-361-06-0000	$919.88
1048-361-07-0000	$2,195.42
1048-361-08-0000	$2,755.52
1048-361-09-0000	$2,836.22
1048-361-10-0000	$1,805.49
1048-361-11-0000	$910.78
1048-361-12-0000	$913.58
1048-362-02-0000	$828.23
1048-362-03-0000	$4,454.64
1048-362-04-0000	$1,433.73
1048-362-05-0000	$1,783.34
1048-362-06-0000	$1,209.90
1048-362-07-0000	$2,835.72
1048-362-08-0000	$3,252.49
1048-362-09-0000	$2,195.83
1048-362-10-0000	$913.58
1048-363-01-0000	$1,390.84
1048-363-02-0000	$5,147.09
1048-363-03-0000	$2,204.28
1048-363-04-0000	$3,772.70
1048-363-05-0000	$9,198.98
1048-551-10-0000	$5,824.13
1048-551-11-0000	$4,211.09
1048-551-12-0000	$3,246.10
1048-551-13-0000	$1,756.95
1048-552-13-0000	$5,796.64
1048-552-14-0000	$1,871.74
1048-552-15-0000	$223.54
1048-552-17-0000	$3,287.55
1048-552-18-0000	$142.29
1048-552-22-0000	$3,438.35
1048-552-23-0000	$116.09
1048-552-24-0000	$2,849.08
1048-553-01-0000	$1,685.71
1048-553-02-0000	$1,620.74
1048-553-03-0000	$864.24
1048-553-04-0000	$2,014.74
1048-553-05-0000	$634.40
1048-553-06-0000	$1,268.15
1048-553-07-0000	$486.92
1048-553-08-0000	$782.02
1048-553-09-0000	$413.14
1048-553-10-0000	$1,112.80
1048-553-11-0000	$455.39
1048-553-12-0000	$455.39
1048-553-13-0000	$2,610.78
1048-553-14-0000	$485.42
1048-553-15-0000	$1,110.88
1048-553-16-0000	$1,329.51
1048-553-17-0000	$3,912.85
1048-561-07-0000	$2,595.63
1048-561-08-0000	$2,393.64
1048-561-09-0000	$1,104.65
1048-561-10-0000	$864.24
1048-561-11-0000	$1,547.80
1048-561-12-0000	$1,275.00
1048-561-13-0000	$26,251.98

1048-562-01-0000	$9,035.13	1048-566-07-0000	$4,225.68
1048-562-02-0000	$2,725.00	1048-566-08-0000	$156.00
1048-562-03-0000	$8,005.88	1048-566-09-0000	$1,603.03
1048-562-06-0000	$866.87	1048-566-10-0000	$2,014.74
1048-562-07-0000	$1,952.08	1048-566-11-0000	$1,116.10
1048-563-01-0000	$1,736.72	1049-055-01-0000	$3,378.04
1048-563-02-0000	$864.24	1049-055-02-0000	$1,151.43
1048-563-03-0000	$2,878.87	1049-055-03-0000	$1,349.84
1048-563-06-0000	$2,077.73	1049-055-04-0000	$1,288.51
1048-563-07-0000	$1,678.02	1049-055-05-0000	$1,338.18
1048-563-08-0000	$4,566.12	1049-055-06-0000	$1,170.07
1048-563-09-0000	$851.24	1049-055-07-0000	$577.40
1048-563-10-0000	$2,014.74	1049-055-08-0000	$591.57
1048-563-11-0000	$595.80	1049-055-09-0000	$4,541.39
1048-563-12-0000	$1,400.15	1049-056-01-0000	$2,640.63
1048-563-13-0000	$4,259.19	1049-056-02-0000	$628.68
1048-564-01-0000	$2,814.16	1049-056-03-0000	$628.68
1048-564-02-0000	$3,707.32	1049-056-04-0000	$1,322.10
1048-564-03-0000	$4,507.80	1049-056-05-0000	$5,164.63
1048-564-04-0000	$1,505.63	1049-056-06-0000	$2,614.63
1048-564-05-0000	$952.50	1049-057-01-0000	$4,266.08
1048-564-06-0000	$904.28	1049-057-02-0000	$1,404.58
1048-564-07-0000	$3,069.81	1049-057-03-0000	$2,256.24
1048-564-08-0000	$846.02	1049-057-04-0000	$1,565.90
1048-564-09-0000	$1,416.28	1049-057-05-0000	$4,643.50
1048-564-10-0000	$2,234.65	1049-057-06-0000	$1,378.00
1048-564-11-0000	$1,486.98	1049-057-07-0000	$567.00
1048-564-12-0000	$3,441.42	1049-058-01-0000	$3,463.82
1048-564-13-0000	$786.44	1049-058-02-0000	$772.01
1048-564-14-0000	$1,235.78	1049-058-03-0000	$5,450.32
1048-565-01-0000	$3,411.72	1049-058-04-0000	$2,664.16
1048-565-02-0000	$688.50	1049-058-05-0000	$2,859.89
1048-565-03-0000	$7,936.01	1049-059-07-0000	$736.84
1048-565-04-0000	$663.84	1049-059-08-0000	$1,504.80
1048-565-05-0000	$2,654.72	1049-059-09-0000	$893.10
1048-565-06-0000	$2,238.82	1049-059-14-0000	$5,193.70
1048-565-07-0000	$1,091.90	1049-059-21-0000	$7,574.38
1048-565-08-0000	$1,038.80	1049-061-01-0000	$13,936.41
1048-565-09-0000	$1,406.70	1049-061-02-0000	$4,088.24
1048-565-10-0000	$3,079.24	1049-061-03-0000	$603.72
1048-565-11-0000	$7,483.42	1049-062-01-0000	$7,333.16
1048-565-12-0000	$1,545.72	1049-062-02-0000	$5,205.20
1048-565-13-0000	$1,029.34	1049-063-01-0000	$2,762.49
1048-565-14-0000	$549.12	1049-063-02-0000	$3,449.12
1048-566-01-0000	$1,274.00	1049-063-03-0000	$385.06
1048-566-02-0000	$1,903.11	1049-063-04-0000	$750.62
1048-566-03-0000	$864.24	1049-063-05-0000	$1,490.66
1048-566-04-0000	$4,036.16	1049-063-06-0000	$1,791.56
1048-566-05-0000	$8,045.11	1049-063-07-0000	$881.81
1048-566-06-0000	$1,749.88	1049-063-08-0000	$1,210.37

1049-063-09-0000	$1,225.84
1049-063-10-0000	$1,281.84
1049-064-12-0000	$524.16
1049-064-13-0000	$2,782.42
1049-064-14-0000	$8,225.17

Ontario District 2020

DOWNTOWN ONTARIO
IMPROVEMENT ASSOCIATION

W G St
E G St
E el Morado Ct
W F St
E F St
E E St
W E St
E D St
W D St
W C St
E B St
W Holt Blvd
E Holt Blvd
E Transit St
E Mai
S Vine Ave
S Lemon

Euclid Ave
N Laurel Ave
N Fern Ave
N Vine Ave
N Palm Ave
N Lemon Ave
N Cherry Ave
N Sultana Ave
N Plum Ave
S Cherry Ave
S Fern Ave
S Palm Ave
S Laurel Ave
S Lemon Ave

0 125 250 500 Feet

Legend

District Parcel

Parcel

ATTACHMENT 1

DOWNTOWN ONTARIO COMMUNITY BENEFIT DISTRICT RENEWAL

ASSESSMENT ENGINEER'S REPORT

Being Renewed for a 10 Year Term Pursuant to
California Streets and Highways Code Section 36600 et seq.
Property & Business Improvement District Act of 1994, as amended

Prepared by
Edward V. Henning
California Registered Professional Engineer # 26549
Edward Henning & Associates

October 25, 2023

FINAL

ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Downtown Ontario Community Benefit District ("DOCBD" or "District") being renewed for a ten (10) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property. I have personally prepared this Report and attest to all of its contents herein.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



RPE #26549 **October 25, 2023**

Edward V. Henning — Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIIID of the California Constitution to support the special benefit assessments to be levied on real properties within the proposed renewed DOCBD in the City of Ontario, California being renewed for a ten (10) year term. The discussion and analysis contained within this Report constitutes the required "nexus" of rationale between assessment amounts levied and special benefits conferred on real properties within the proposed DOCBD.

Background

The DOCBD is a is a property-based benefit assessment district being renewed for a ten (10) year term pursuant to Section 36600 et seq. of the California Streets and Highways Code (as amended), also known as the Property and Business Improvement District Law of 1994 (the "Act"). Due to the special benefit nature of assessments to be levied within the DOCBD, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments levied. Within the Act, frequent references are made to the concept of relative "benefit" received from assessment funded programs and activities relative to the amount of assessment levied. Only those properties expected to derive special benefits from assessment funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be conferred on each property.

Supplemental Article XIIID Section 4(b) California Constitution Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the DOCBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were "chaptered" into law as Article XIIID Section 4(b) of the California Constitution (hereinafter Article XIIID).

Since Article XIIID provisions will affect all subsequent calculations to be made in the final assessment formula for the DOCBD, each of these supplemental requirements will be taken into account and addressed in this Report. The key provisions of Article XIIID along with a description of how the DOCBD complies with each of these provisions are delineated herein.

(Note: All section references below pertain to Article XIII D of the California Constitution):

Finding 1. From Section 4(a): "Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed"

Setting:
The proposed renewed Downtown Ontario CBD is located along Euclid Avenue (SR83) in Downtown Ontario, just south of Interstate 10 and north of Highway 60. (See attached map in Appendix 2).

General Boundary Description
The DOCBD encompasses approximately 23 blocks centered along Euclid Street in Downtown Ontario generally between N. Lemon/N. Plum Avenues on the east, N. Laurel/N. Palm Avenues on the west, W. D/W. G Streets on the north and the transit line on the south, just south of Emporia Street.

Benefit Zones
There is one benefit zone within the proposed renewed District.

District Boundary Rationale
The proposed renewed DOCBD boundaries are comprised of the commercial core parcels where the main economic activity of Downtown Ontario is centered. The commercial parcels fronting Euclid Avenue are the historic heart of the commercial core of the city of Ontario. These parcels showcase an array of commercial retailers, restaurants, service stores, the vast Town Center block, churches and soon will be home to a full block of market rate housing and a full block of a new university. After years of little if any new development, the corridor is now experiencing a renaissance of new market rate housing development in the form of new mixed use, market rate housing. Its proximity to Interstate 10, Highway 60, the Ontario Airport and the Metrolink station in Upland makes it an ideal place to live and conduct commerce in the region. The new housing and excellent historic and contemporary housing surrounding Downtown is evolving into an emerging 21st century mixed use community. New retail in the form of stores, restaurants and coffee shops are following the growth of high density residential on the Euclid Avenue corridor.

Northern Boundary
The northern boundary of the DOCBD is defined by the commercial parcels which are located just south of G Street from the east side of North Laurel Avenue on the west and the west side of North Lemon Avenue on the east.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided north of the northern District boundary.

Eastern Boundary
The eastern boundary of the DOCBD begins at the parcel at the west side of the intersection of West Emporia Street and North Plum Street, at parcel 1049-064-14 and runs northward along the west side of North Plum Avenue to the parcel at the southwestern corner of the intersection of East Holt Blvd and North Plum Avenue, parcel 1049-063-05. The boundary then runs westward for one block on the south side of East Holt Blvd. to the southeastern parcel of the intersection of South Lemon Avenue and East Holt Blvd., parcel 1049-063-01, and then runs northward along the western side of North Lemon Avenue up to the parcel at the southwestern corner of the intersection of East G Street and North Lemon Avenue, ending at parcel 1048-361-05.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided east of the eastern District boundary.

Southern Boundary

The southern boundary of the DOCBD begins at parcel 1049-059-07 on West Emporia Street and runs on the south side of all the parcels on West Emporia Street to the parcel at the west side of the intersection of West Emporia Street and North Plum Street, ending at parcel 1049-064-14.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided south of the southern District boundary.

Western Boundary

The western boundary of the DOCBD is at the southeastern corner parcel at the intersection of West G Street and North Laurel Avenue (parcel 1048-356-01) and runs south along the eastern side of North Laurel to the intersection of West D Street and North Laurel Avenue. The boundary then runs straight west along the south side of West D Street to the intersection of North Palm Avenue and West G Street. From there, the boundary runs south along the east side of North Palm Avenue from parcel 1048-561-13 southward to parcel 1049-056-06 at the intersection of West Emporia Street and North Palm Avenue. The boundary then runs west along the south side of West Emporia Street to include the western most parcel 1049-059-07.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided west of the western District boundary.

Summation:

A list of all parcels included in the proposed renewed DOCBD are shown as Appendix 1, attached to this Report identified by their respective San Bernardino County assessor parcel numbers. The boundary of the proposed renewed DOCBD is shown on the map of the DOCBD in Appendix 2 of this Report.

All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in the Management District Plan and this Report. All DOCBD funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the District boundaries and none will be provided outside of the District. Each assessed parcel within the DOCBD will proportionately and specially benefit from the District funded programs and services (i.e. Civil Sidewalks, District Identity and Place Making, Administration and Contingency).

These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment viability of individually assessed parcels and businesses within the DOCBD. The DOCBD confers special benefits on each individually assessed parcel by deterring crime, reducing litter and debris, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses and future residential rental units within the District, all considered necessary in a competitive properly managed Downtown district.

All District funded services programs and improvements are supplemental, above normal base level services provided by the City of Ontario and are only provided for the special benefit of assessed parcels within the boundaries of the proposed renewed DOCBD.

The District includes 204 parcels of which all are identified as assessable which are listed in the Assessment Roll included as Appendix 1.

Finding 2. From Section 4(a): "Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. "

QUANTITATIVE BENEFIT ANALYSIS

As stipulated in Article XIIID, assessment district programs and activities confer a combination of general and special benefits, but the only program benefits that can be derived from property assessments are those that provide special benefit to the assessed properties. For the purposes of this analysis, a "general benefit" is hereby defined as: "A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied". "Special benefit" as defined by the Article XIIID means a distinct benefit over and above general benefits conferred on real property located in the district.

The property uses within the boundaries of the DOCBD that will receive special benefits from DOCBD funded programs and services are currently an array of restaurants, retailers, offices, service businesses, and, in the near future, residential developments. No parcels within the DOCBD are zoned solely residential. Services, programs and improvements provided and funded by the DOCBD are designed to provide special benefits as described below to identified assessed parcels and the array of land uses within the boundaries of the proposed renewed DOCBD.

The proposed renewed DOCBD programs, improvements and services and Year 1 – 2025 budget allocations are as follows:

Year 1 – 2025 DOCBD Special Benefit Cost Allocations (Assessment Revenue Only)

Sidewalk Operations	District Identity	Administration	Contingency	TOTAL
$290,000	$96,000	$79,000	$21,776	$486,776
59.5757%	19.7216%	16.2292%	4.4735%	100%

Assessed commercial parcels as well as commercial portions of mixed-use parcels are conferred proportionate special benefits from all DOCBD funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. For these parcels, DOCBD programs, services and improvements are designed to increase business volumes, sales transactions, commercial occupancies and rental income. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for patrons, visitors and employees of these

parcels within the DOCBD by deterring crime, reducing litter and debris and professionally marketing the array of goods and services available within the DOCBD, all considered necessary in a competitive properly managed contemporary business district.

For future residential parcels and residential portions of mixed-use parcels within the DOCBD it is the opinion of this Assessment Engineer that each of these parcels and uses will specially benefit from DOCBD funded programs and services which are designed to improve the cleanliness, security, marketability and livability of these parcels and residential units on them. The proportionate special benefits conferred on all residential parcels and units shall be considered in proportion to those conferred on commercial parcels within the DOCBD. For these parcels, DOCBD programs, services and improvements are designed to increase residential ownership as well as rental occupancies and income. These programs, services and improvements are designed to improve security and aesthetic appeal for owners, tenants, visitors and landlords of these parcels within the DOCBD by deterring crime, reducing litter and debris and professionally marketing the availability of residential units for rent or sale within the DOCBD and the nearby array of goods, services and activities, all considered necessary in a competitive properly managed contemporary business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the DOCBD and are not provided to non-assessed parcels outside of the DOCBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DOCBD boundaries and, in turn, confer proportionate "special benefits" on each assessed parcel.

In the case of the DOCBD, the very nature of the purpose of this CBID is to fund supplemental programs, services and improvements to assessed parcels within the DOCBD boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. All benefits derived from the assessments to be levied on assessed parcels within the DOCBD are for services, programs and improvements directly and specially benefiting each individual assessed parcel within the DOCBD. No DOCBD funded services, activities or programs will be provided outside of the DOCBD boundaries.

While every attempt is made to provide DOCBD services and programs to confer special benefits only to those identified assessed parcels within the DOCBD, Article XIIID stipulates that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the DOCBD, or "spillover" onto parcels surrounding the DOCBD, or to the public at large who might be passing through the DOCBD with no intention of transacting business within the DOCBD or interest in the DOCBD itself.

Based on a sampling of the Assessment Engineer Reports for the 250+ property based business improvement districts in California it is found that general benefits within these business improvement districts tend to range from 2-6% of the total costs. There are three methods that have been used by this Assessment Engineer for determining general and special benefit values within assessment districts:

(1) The parcel-by-parcel allocation method
(2) The program/activity line-item allocation method, and
(3) The composite district overlay determinant method.

A majority of CBIDs in California for which this Assessment Engineer has provided assessment engineering services in conformance with Article XIIID have used Method #3, the composite district overlay determinant method which will be used for the DOCBD. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the DOCBD, general benefit to the public at large within the DOCBD and general benefit to parcels outside the DOCBD. In the sections below, the use of the term "factor" means a numeric adjustment multiplier that is applied to the various components for which general benefit values are being computed.

General Benefit – Assessed Parcels within the DOCBD

DOCBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed DOCBD parcels and are only provided for the special benefit to each and every assessed parcel within the DOCBD. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on the 204 parcels within the DOCBD are distinct and special and in the case of the DOCBD, it is projected that there are 0.25% general benefits conferred on these parcels. While this factor can typically range from 0.10% to 1.0%, this high ratio of special benefits to general benefits (low general benefit factor) is because the DOCBD funded programs and services are specially geared to the unique needs of each parcel within the DOCBD and are directed specially only to these parcels within the DOCBD. This concept is further reinforced by the proportionality of special benefits conferred on each parcel within the DOCBD as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each parcel. The computed 0.25% general benefit value on the 204 parcels within the DOCBD equates to $1,217 (.25% x $486,776).

General Benefits – Outside Parcels

While DOCBD programs and services will not be provided directly to parcels outside the DOCBD boundaries, it is reasonable to conclude that DOCBD services (clean and safe) may confer an indirect general benefit on parcels adjacent to the DOCBD boundaries. An inventory of the DOCBD boundaries finds that the DOCBD is immediately surrounded by 51 parcels. Of these 51 parcels, 20 are commercial zoned parcels with commercial uses and 31 are residentially zoned parcels with residential uses or public/non-profit owned parcels with public/non-profit uses. Assessment Engineering practice has found that for districts such as the DOCBD that primarily provide clean and safe services, they may have a "spillover" general benefit on neighboring parcels immediately outside the district. Typically, a factor of 100% (1.0) is first assigned to assessed parcels within the district, then a factor range from 3% to 6% (0.03 to 0.06) is assigned to commercial zoned and used parcels directly outside the district, then a factor range from 0.5% to 1.5% (0.005 to 0.015) is assigned to residential zoned and used parcels or public/ non-profit owned and occupied parcels directly outside the district.

The 51 parcels directly outside the DOCBD boundaries can reasonably be assumed to receive some indirect general benefit as a result of DOCBD funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 204 parcels within the DOCBD, a benefit factor of 0.05 be attributed to general benefits conferred on the 20 commercial parcels and uses located adjacent to or across the street from assessed parcels within the DOCBD, and a benefit factor of 0.007 be attributed to general benefits conferred on the 31 residential parcels and uses and public/non-profit owned and occupied parcels located adjacent to or across the street from assessed parcels within the DOCBD. The cumulative dollar value of this general benefit type equates to $2,911 ($2,386 + $525) as delineated in the following Table:

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels Inside BID	204	1.000	204.00	99.4055%	$486,776
Commercial Perimeter Parcels Outside BID	20	0.050	1.00	0.4873%	$2,386
Other Perimeter Parcels Outside BID	31	0.007	0.22	0.1072%	$525
TOTAL			205.22	100.00%	$489,687

General Benefit - Public At Large

While the DOCBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed DOCBD parcels and are only provided for the special benefit to each and every assessed parcel within the DOCBD, these programs also provide general benefits to the public at large within the DOCBD.

For districts such as the proposed renewed DOCBD, assessment Engineering experience in California based on several formal pedestrian intercept surveys has found that generally over 95% of people moving about within district boundaries are engaged in business related to assessed parcels and buildings and businesses/residences contained in them within the district, while the public at large "just passing through" is typically 5% or less. Districts with high levels of transit connecting nodes and patrons may have higher levels of general benefits conferred on non-engaged "passers-through", i.e. the public at large.

Tangible services and improvements such as security, benches and shade trees would confer higher levels of general benefits on the public at large than say steam cleaned sidewalks, planters, decorative pavement and other general district management and operation activities. Typically, a factor range from 3% to 8% (0.03 to 0.08) is assigned to tangible streetscape/sidewalk type services, programs and improvements such as security, benches and shade trees; in turn, a factor range from 0.5% to 1.5% (0.005 to 0.015) is assigned to intangible services, programs and improvements such as sidewalk and pavement cleaning, general landscape improvements and ancillary services such as district management, operations and overhead.

Based on a sampling of Assessment Engineer Reports for the 250+ property based business improvement districts in California, the nature of the proposed renewed DOCBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that districtwide general benefit factors for each of the DOCBD funded special benefit program element costs that most likely provide a general benefit to the public at large are as shown in the Table below. These factors are applied to each program element costs in order to compute the dollar and percent value of districtwide general benefits to the public at large. The total dollar value of this general benefit type, public at large, equates to $5,334 as delineated in the following Table:

	A	B	C	E
Program Element	**Dollar Allocation**	**General Benefit Percent**	**General Benefit Factor**	**General Benefit Value (A x C)**
Civil Sidewalks	$290,000	1.50%	0.0150	$4,350
District Identity & Placemaking	$96,000	0.50%	0.0050	$480
Administration	$79,000	0.50%	0.0050	$395
Contingency	$21,776	0.50%	0.0050	$109
Total	$486,776			$5,334

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of districtwide general benefits conferred on assessed parcels within the DOCBD, on parcels outside the DOCBD, and on the public at large, equates to $9,462 ($1,217 + $2,911 + $5,334) or 1.91%. For the purposes of this analysis, the districtwide general benefit factor of 1.91% will be conservatively rounded up to 2% or $9,934. This leaves a value of 98% assigned to special benefit related costs. The districtwide general benefit value of $9,934 when added to the special benefit value of $486,776 (Year 1 – 2025 assessments) equates to a total Year 1 – 2025 program cost of $496,710. Remaining costs that are attributed to districtwide general benefits will need to be derived from other non-assessment sources.

The program special benefit related cost allocations of the DOCBD assessment revenues for Year 1 (2025) are shown in the Table on page 14 of this Report. The projected program special benefit related cost allocations of the DOCBD assessment revenues for the 10-year DOCBD term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 15 of this Report.

A breakdown of projected special and districtwide general benefits for each year of the 10-year term, assuming a 5% maximum annual assessment rate increase is shown in the following Table:

10-year Special + Districtwide General Benefits
(Assumes 5% max rate increase per year)

YR	PROGRAM CATEGORY	SPECIAL BENEFIT ASSESSMENT COSTS	GENERAL BENEFIT NON-ASSESSMENT COSTS	TOTAL ADJUSTED COSTS	% OF TOTAL
1	Civil Sidewalks	$290,000	$5,919	$295,919	59.5757%
	District Identity & Placemaking	$96,000	$1,959	$97,959	19.7216%
	Administration	$79,000	$1,612	$80,612	16.2292%
	Contingency	$21,776	$444	$22,220	4.4735%
	Total	$486,776	$9,934	$496,710	100%
2	Civil Sidewalks	$304,500	$6,215	$310,715	59.5757%
	District Identity & Placemaking	$100,800	$2,057	$102,857	19.7216%
	Administration	$82,950	$1,693	$84,643	16.2292%
	Contingency	$22,865	$466	$23,331	4.4735%
	Total	$511,115	$10,431	$521,546	100.0000%
3	Civil Sidewalks	$319,725	$6,526	$326,251	59.5757%
	District Identity & Placemaking	$105,840	$2,160	$108,000	19.7216%
	Administration	$87,098	$1,778	$88,876	16.2292%
	Contingency	$24,008	$489	$24,497	4.4735%
	Total	$536,671	$10,953	$547,624	100.0000%

4	Civil Sidewalks	$335,711	$6,852	$342,563	59.5757%
	District Identity & Placemaking	$111,132	$2,268	$113,400	19.7216%
	Administration	$91,453	$1,867	$93,320	16.2292%
	Contingency	$25,208	$513	$25,721	4.4735%
	Total	$563,504	$11,500	$575,004	100.0000%
5	Civil Sidewalks	$352,497	$7,195	$359,692	59.5757%
	District Identity & Placemaking	$116,689	$2,381	$119,070	19.7216%
	Administration	$96,026	$1,960	$97,986	16.2292%
	Contingency	$26,468	$539	$27,007	4.4735%
	Total	$591,680	$12,075	$603,755	100.0000%
6	Civil Sidewalks	$370,122	$7,555	$377,677	59.5757%
	District Identity & Placemaking	$122,523	$2,500	$125,023	19.7216%
	Administration	$100,827	$2,058	$102,885	16.2292%
	Contingency	$27,791	$566	$28,357	4.4735%
	Total	$621,263	$12,679	$633,942	100.0000%
7	Civil Sidewalks	$388,628	$7,933	$396,561	59.5757%
	District Identity & Placemaking	$128,649	$2,625	$131,274	19.7216%
	Administration	$105,868	$2,161	$108,029	16.2292%
	Contingency	$29,181	$594	$29,775	4.4735%
	Total	$652,326	$13,313	$665,639	100.0000%
8	Civil Sidewalks	$408,059	$8,330	$416,389	59.5757%
	District Identity & Placemaking	$135,081	$2,756	$137,837	19.7216%
	Administration	$111,161	$2,269	$113,430	16.2292%
	Contingency	$30,640	$624	$31,264	4.4735%
	Total	$684,941	$13,979	$698,920	100.0000%
9	Civil Sidewalks	$428,462	$8,747	$437,209	59.5757%
	District Identity & Placemaking	$141,835	$2,894	$144,729	19.7216%
	Administration	$116,719	$2,382	$119,101	16.2292%
	Contingency	$32,172	$655	$32,827	4.4735%
	Total	$719,188	$14,678	$733,866	100.0000%
10	Civil Sidewalks	$449,885	$9,184	$459,069	59.5757%
	District Identity & Placemaking	$148,927	$3,039	$151,966	19.7216%
	Administration	$122,555	$2,501	$125,056	16.2292%
	Contingency	$33,781	$688	$34,469	4.4735%
	Total	$755,148	$15,412	$770,560	100.0000%

DOCBD WORK PLAN

Overview

The services, programs and improvements to be funded by the DOCBD include Civil Sidewalks, District Identity & Placemaking, Administration and Contingency. The property uses within the boundaries of the DOCBD that will receive special benefits from DOCBD funded programs, services and improvements are currently an array of restaurants, retailers, offices, service businesses, and, in the near future, residential units. Services, programs and improvements provided and funded by the DOCBD are primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the DOCBD..

These special benefits are particular and distinct to each and every identified assessed parcel within the DOCBD and are not provided to non-assessed parcels outside of the DOCBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DOCBD boundaries and, in turn, confer proportionate "special benefits" on each assessed parcel.

The very nature of the purpose of the DOCBD is to fund supplemental programs, services and improvements to assessed parcels within the DOCBD boundaries above and beyond the base line services provided by the City of Ontario. The City of Ontario does not provide these supplemental programs and services to the assessed parcels within the boundaries of the DOCBD. All benefits derived from the assessments to be levied on assessed parcels within the DOCBD are for services, programs and improvements directly and specially benefiting each individual assessed parcel within the DOCBD. No DOCBD funded services, activities or programs will be provided outside of the DOCBD boundaries.

The program special benefit cost allocations of the DOCBD assessment revenues for Year 1 (2025) are shown in the Table on page 14 of this Report. The projected program special benefit cost allocations of the DOCBD assessment revenues for the 10-year DOCBD term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 15 of this Report.

WORK PLAN DETAILS

The services to be provided by the DOCBD (i.e. Civil Sidewalks, District Identity & Placemaking, Administration and Contingency) are all designed to contribute to the cohesive commercial and (future) residential fabric to ensure economic success and vitality of the DOCBD. The assessed parcels in the DOCBD will specially benefit from the DOCBD programs in the form of increasing commerce and improving economic success and vitality through meeting the DOCBD goals: to improve security, cleanliness, beautification, landscaping, livability and to attract and retain businesses and services, generate more pedestrian and visitor traffic and to increase commerce and improve the economic viability of each individual assessed parcel.

Assessed commercial parcels as well as commercial portions of mixed-use parcels are conferred proportionate special benefits from all DOCBD funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. For these parcels, DOCBD programs, services and improvements are designed to increase business volumes, sales transactions, commercial occupancies and rental income. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for patrons, visitors and employees of these

parcels within the DOCBD by deterring crime, reducing litter and debris and professionally marketing the array of goods and services available within the DOCBD, all considered necessary in a competitive properly managed contemporary mixed-use business district.

For future residential parcels and residential portions of mixed use parcels within the DOCBD it is the opinion of this Assessment Engineer that each of these parcels and uses will specially benefit from DOCBD funded programs and services which are designed to improve the cleanliness, security, marketability and livability of these parcels and residential units on them. The proportionate special benefits conferred on all residential parcels and units shall be considered in proportion to those conferred on commercial parcels within the DOCBD. For these parcels, DOCBD programs, services and improvements are designed to increase residential ownership and rental occupancies and income. These programs, services and improvements are designed to improve security and aesthetic appeal for owners, tenants, visitors and landlords of these parcels within the DOCBD by deterring crime, reducing litter and debris and professionally marketing the availability of residential condominium and rental units within the DOCBD and the nearby array of goods, services and activities, all considered necessary in a competitive properly managed contemporary business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the DOCBD and are not provided to non-assessed parcels outside of the DOCBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DOCBD boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

The following programs, services and improvements are proposed by the DOCBD to specially benefit each and every individually assessed parcel within the DOCBD boundaries. DOCBD services, programs and improvements will not be provided to parcels outside the DOCBD boundary.

CIVIL SIDEWALKS/SAFETY & CLEANLINESS/BEAUTIFICATION:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces supplemental to what is current being provided by the City of Ontario
- Installation of and maintenance of hanging plants, planting flowers throughout the district
- Private security or case workers to respond to homeless issues, aggressive panhandling and mentally ill people behaving poorly in the public rights of way, including possible hiring of Ontario PD Bike patrols and/or a camera system

DISTRICT IDENTITY & PLACEMAKING:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site development and updating
- Management and coordination of special events
- Social media
- Public relations firm
- Holiday and seasonal decorations

- Branding of the Downtown Ontario CBD properties so a positive image is promoted to the public
- Banner programs
- Public art displays
- Logo development
- Public space design and improvements

ADMINISTRATION & PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs
- Directors and Officers Insurance, General Liability and other insurance coverages
- Office related expenses
- Rent
- Financial reporting and accounting, and legal services

CONTINGENCY

Examples of this category of special benefit services and costs include, but is not limited to:

- City and/or County fees associated with their oversight and implementation of the District,
- the implementation of the Management District Plan and the Engineer's Report.
- City fees to collect and process the assessments, delinquencies and non-payments. A percentage of the budget is held in reserve to offset delinquent and/or slow payment from both public and private properties. This component also funds the expenses charged by the County of San Bernardino for collection and distribution of DOCBD revenue.
- Other unanticipated costs related to the compliance of the Management District Plan and Engineer's report.
- Funding for renewal of the District

In summary, all DOCBD funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the DOCBD boundaries and none will be provided outside of the DOCBD. Each assessed parcel within the DOCBD will proportionately specially benefit from Civil Sidewalks, District Identity & Placemaking, Administration and Contingency. These services, programs and improvements are intended to improve commerce, employment, livability, rents and occupancy rates of assessed parcels within the DOCBD by deterring crime, reducing litter, installing physical improvements and professionally marketing goods, services and spaces available within the DOCBD, all necessary in a competitive properly managed contemporary business district. All DOCBD funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Ontario and are only provided for the special benefit of each and every assessed parcel within the boundaries of the DOCBD.

WORK PLAN BUDGET

Each identified assessed parcel within the DOCBD will be assessed the full amount of the proportionate special benefit conferred upon it. The projected DOCBD program special benefit (assessments) allocation budget for Year 1 (2025) is shown in the following Table:

DOCBD Year 1 (2025) Special Benefit Assessment Budget

Sidewalk Operations	District Identity	Administration	Contingency	TOTAL
$290,000	$96,000	$79,000	$21,776	$486,776
59.5757%	19.7216%	16.2292%	4.4735%	100%

In order to carry out the DOCBD programs outlined in the previous section, a Year 1-2025 assessment budget of $486,776 is projected. Since the DOCBD is planned for a 10-year renewal term, projected program costs for future years (Years 2-10) are set at the inception of the DOCBD. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per year, commensurate to special benefits conferred on each assessed parcel, is incorporated into the projected program costs and assessment rates for the 10-year DOCBD term.

Funding carryovers, if any, may be reapportioned the following year for related programs, services and improvements in accordance with The Management District Plan. Detailed annual budgets will be prepared by the Owners' Association Board and included in the Annual Report for the City Council's review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 10-year term of the proposed renewed DOCBD. Accordingly, the Owners' Association shall have the ability to reallocate any budget line item within the budget categories, based on such cost fluctuations subject to the review and approval by the Owners' Association Board. Such reallocation will be included in the Annual Report for the approval by the City of Ontario City Council pursuant to the Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category in accordance with The Management District Plan.

A 10-year projected DOCBD special benefit budget is shown in the following Table:

YEAR 1-10 PROJECTED DOCBD ASSESSMENT BUDGET SUMMARY (Special Benefits)
(Assumes 5% max rate increase per year)

YR	Civil Sidewalks	District Identity	Administration	Contingency	TOTAL
	59.5757%	19.7216%	16.2292%	4.4735%	100%
1	$290,000	$96,000	$79,000	$21,776	$486,776
2	$304,500	$100,800	$82,950	$22,865	$511,115
3	$319,725	$105,840	$87,098	$24,008	$536,671
4	$335,711	$111,132	$91,453	$25,208	$563,504
5	$352,497	$116,689	$96,026	$26,468	$591,680

6	$370,122	$122,523	$100,827	$27,791	$621,263
7	$388,628	$128,649	$105,868	$29,181	$652,326
8	$408,059	$135,081	$111,161	$30,640	$684,941
9	$428,462	$141,835	$116,719	$32,172	$719,188
10	$449,885	$148,927	$122,555	$33,781	$755,148

The DOCBD assessments may increase for each individual parcel each year during the 10-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners' Association Board of Directors, included in the Annual Report and approved by the City of Ontario City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners' Association Board of the Directors ("Property Owners' Association of the DOCBD) shall determine the percentage increase, if any, to the annual assessment, not to exceed 5% per year. The Owners' Association Executive Director shall communicate the annual increase to the City each year in which the DOCBD operates at a time determined in the Administration Contract held between the Owners' Association and the City of Ontario. No bonds are to be issued in conjunction with the proposed DOCBD.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 10th year of operation will be rolled over into the renewal budget or returned to stakeholders in accordance with City policies and State Law. DOCBD assessment funds may be used to pay for costs related to the following DOCBD renewal term. If the DOCBD is not renewed or terminated for any reason, unencumbered/unexpended funds will be returned to the property owners in accordance with City policies and State Law.

<u>Finding 3.</u> From Section 4(a): "(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified assessed parcel within the DOCBD will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed DOCBD (i.e. Civil Sidewalks, District Identity & Placemaking, Administration and Contingency), it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage of each parcel, except as noted herein, all within one benefit zone.

The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified assessed parcel within the DOCBD. Larger parcels and those with larger buildings and/or street frontages are projected to impact the demand for services and programs to a greater extent than smaller parcels or smaller buildings and/or street frontages and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit cost for each parcel has been calculated based on proportionate formula components and is listed as an attachment to the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs)

is computed by dividing the individual parcel assessment by the total special benefit program related costs.

<u>Finding 4.</u> From Section 4(a): "No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which is possible through the proposed DOCBD, they are also considerably less than other options considered by the DOCBD Renewal Committee. The actual assessment rates for each parcel within the DOCBD directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area and street frontage of each parcel, except as noted herein, all within one benefit zone.

<u>Finding 5.</u> From Section 4(a): "Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment....."

Article XIIID states that "parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit."

There are currently 75 publicly owned parcels within the boundaries of the proposed renewed DOCBD with 55 owned by the City of Ontario, 19 by the Ontario Housing Authority, one by the San Bernardino Housing Authority and one by the Federal Government (USPS). Each identified and assessable publicly owned parcel and facility within the proposed renewed DOCBD will proportionately specially benefit as delineated herein from the proposed renewed DOCBD funded supplemental services, programs and improvements, but differently than privately owned parcels.

For publicly owned parcels and facilities within the proposed DOCBD, each of these parcels specially benefit from District funded programs services and improvements. The special benefits include cleaner and safer facility entrances and perimeters for their employees, visitors, vendors and other users of these public locations and facilities. Publicly owned parcels and facilities are active components of Downtown Ontario's identity and fabric.

It is the opinion of this Assessment Engineer that publicly owned parcels and public facilities will not specially benefit to the same extent as privately owned parcels from the proposed renewed DOCBD funded services, programs and improvements, primarily district identity and placemaking. To offset this special benefit differential, publicly owned parcels with public facilities on them will not be assessed for public building areas located on these parcels but will be assessed for parcel land area and street frontages, the same as privately owned parcels. Publicly owned parcels with non-government uses on them will be assessed for building areas not occupied by government uses and facilities.

It is the opinion of this Assessment Engineer that there is no clear and convincing evidence that publicly owned parcels and public facilities would not receive special benefits except as noted above and thus, will not be exempt from assessments and will be assessed as described above. A listing of each publicly owned parcel and the respective Year 1 assessment within the proposed renewed DOCBD is shown in the Table below:

PUBLICLY OWNED PARCELS

APN	Legal Owner	Site Address	Bldg SF	Land SF	Street Frontage LF	YR 1 - 2024 Assmt	Percent of Total
1048-354-12-0000	CITY OF ONTARIO		0	25,488	321	$3,743.22	0.77%
1048-354-13-0000	CITY OF ONTARIO		0	6,580	70	$882.70	0.18%
1048-355-02-0000	CITY OF ONTARIO		0	8,469	48	$862.49	0.18%
1048-355-11-0000	CITY OF ONTARIO		0	10,217	58	$1,041.11	0.21%
1048-356-08-0000	CITY OF ONTARIO	603 N EUCLID AVE	2,480	2,480	31	$784.30	0.16%
1048-356-11-0000	CITY OF ONTARIO		0	9,799	55	$994.44	0.20%
1048-363-02-0000	CITY OF ONTARIO	PARKING PKG LOT	0	38,086	411	$5,147.09	1.06%
1048-363-03-0000	CITY OF ONTARIO	PARKG & ATM	0	11,512	224	$2,204.28	0.45%
1048-363-04-0000	CITY OF ONTARIO	404 N EUCLID AVE	10,500	10,080	205	$3,772.70	0.78%
1048-363-05-0000	CITY OF ONTARIO	414 N EUCLID AVE	31,973	31,901	260	$9,198.98	1.89%
1048-551-10-0000	CITY OF ONTARIO	116 E D ST.	0	46,602	430	$5,824.13	1.20%
1048-552-13-0000	CITY OF ONTARIO	126 E C ST	0	34,579	546	$5,796.64	1.19%
1048-552-14-0000	CITY OF ONTARIO	124 E C ST	0	19,096	97	$1,871.74	0.38%
1048-552-18-0000	CITY OF ONTARIO	N N EUCLID	0	789	14	$142.29	0.03%
1048-553-02-0000	CITY OF ONTARIO	118 E B ST	4,450	8,496	48	$1,620.74	0.33%
1048-553-03-0000	CITY OF ONTARIO	B B ST	0	8,496	48	$864.24	0.18%
1048-553-04-0000	CITY OF ONTARIO	127 N LEMON AVE	0	8,496	225	$2,014.74	0.41%
1048-553-16-0000	CITY OF ONTARIO	126 N EUCLID AVE	3,250	8,854	31	$1,329.51	0.27%
1048-553-17-0000	CITY OF ONTARIO	128 N EUCLID AVE	17,400	8,190	65	$3,912.85	0.80%
1048-562-01-0000	CITY OF ONTARIO	215 W C ST	20,826	42,834	417	$9,035.13	1.86%
1048-563-06-0000	CITY OF ONTARIO		0	9,365	226	$2,077.73	0.43%
1048-564-03-0000	CITY OF ONTARIO	139 N EUCLID AVE	15,650	8,820	196	$4,507.80	0.93%
1048-564-05-0000	CITY OF ONTARIO	125 N EUCLID AVE	2,733	3,906	36	$952.50	0.20%
1048-564-06-0000	CITY OF ONTARIO	121 N EUCLID AVE	0	7,812	61	$904.28	0.19%
1048-564-13-0000	CITY OF ONTARIO		0	6,299	58	$786.44	0.16%
1048-564-14-0000	CITY OF ONTARIO		0	9,312	97	$1,235.78	0.25%
1048-565-01-0000	CITY OF ONTARIO	127 W C ST	0	23,388	291	$3,411.72	0.70%
1048-565-02-0000	CITY OF ONTARIO	115 W C ST	2,100	2,100	30	$688.50	0.14%
1048-565-03-0000	CITY OF ONTARIO	245 N EUCLID AVE	33,804	11,782	219	$7,936.01	1.63%
1048-565-09-0000	CITY OF ONTARIO	207 N EUCLID AVE	5,560	4,000	31	$1,406.70	0.29%
1048-565-13-0000	CITY OF ONTARIO		0	5,136	107	$1,029.34	0.21%
1048-565-14-0000	CITY OF ONTARIO		0	8,448	0	$549.12	0.11%
1048-566-01-0000	CITY OF ONTARIO	123 W D ST	0	4,800	148	$1,274.00	0.26%
1048-566-02-0000	CITY OF ONTARIO	123 W D ST	6,111	8,496	48	$1,903.11	0.39%
1048-566-03-0000	CITY OF ONTARIO		0	8,496	48	$864.24	0.18%
1048-566-08-0000	CITY OF ONTARIO	PARKING PKG LOT	0	2,400	0	$156.00	0.03%
1048-566-09-0000	CITY OF ONTARIO		0	14,662	100	$1,603.03	0.33%
1048-566-10-0000	CITY OF ONTARIO		0	8,496	225	$2,014.74	0.41%
1048-566-11-0000	CITY OF ONTARIO	324 N LAUREL AVE	2,208	3,696	77	$1,116.10	0.23%
1049-056-01-0000	CITY OF ONTARIO	221 W TRANSIT ST	0	15,225	254	$2,640.63	0.54%
1049-056-02-0000	CITY OF ONTARIO	211 W TRANSIT ST	0	4,872	48	$628.68	0.13%
1049-056-03-0000	CITY OF ONTARIO	W TRANSIT ST	0	4,872	48	$628.68	0.13%
1049-056-04-0000	CITY OF ONTARIO	200 S LAUREL AVE	0	5,040	153	$1,322.10	0.27%

1049-056-05-0000	CITY OF ONTARIO	208 W EMPORIA ST	15,000	15,225	250	$5,164.63	1.06%
1049-056-06-0000	CITY OF ONTARIO	228 W EMPORIA ST	0	15,225	250	$2,614.63	0.54%
1049-057-06-0000	CITY OF ONTARIO		0	5,600	156	$1,378.00	0.28%
1049-057-07-0000	CITY OF ONTARIO	206 W TRANSIT ST	0	3,723	50	$567.00	0.12%
1049-058-02-0000	CITY OF ONTARIO		0	5,077	68	$772.01	0.16%
1049-059-14-0000	CITY OF ONTARIO		0	39,403	405	$5,193.70	1.07%
1049-062-01-0000	CITY OF ONTARIO	225 S EUCLID AVE	15,000	34,087	395	$7,333.16	1.51%
1049-062-02-0000	CITY OF ONTARIO		0	38,880	412	$5,205.20	1.07%
1049-063-02-0000	CITY OF ONTARIO	214 E HOLT BLVD	11,400	13,548	97	$3,449.12	0.71%
1049-064-12-0000	CITY OF ONTARIO		0	8,064	0	$524.16	0.11%
1049-064-13-0000	CITY OF ONTARIO	217 S LEMON AVE	6,400	12,768	133	$2,782.42	0.57%
1049-064-14-0000	CITY OF ONTARIO	204 E TRANSIT ST	6,232	48,242	620	$8,225.17	1.69%
	CITY OF ONTARIO Total					$143,889.68	29.56%
1048-551-11-0000	ONTARIO HSG AUTHORITY	312 N EUCLID AVE	0	29,886	349	$4,211.09	0.87%
1048-551-12-0000	ONTARIO HSG AUTHORITY	334 N EUCLID AVE	0	21,240	287	$3,246.10	0.67%
1048-551-13-0000	ONTARIO HSG AUTHORITY	127 E C ST	0	6,430	206	$1,756.95	0.36%
1048-552-15-0000	ONTARIO HSG AUTHORITY	C C ST	0	2,439	10	$223.54	0.05%
1048-552-17-0000	ONTARIO HSG AUTHORITY	240 N EUCLID AVE	6,800	10,993	218	$3,287.55	0.68%
1048-552-24-0000	ONTARIO HSG AUTHORITY		0	24,332	195	$2,849.08	0.59%
1048-553-01-0000	ONTARIO HSG AUTHORITY		0	7,434	185	$1,685.71	0.35%
1048-553-05-0000	ONTARIO HSG AUTHORITY	115 N LEMON AVE	0	5,760	40	$634.40	0.13%
1048-553-06-0000	ONTARIO HSG AUTHORITY	127 E HOLT BLVD	0	3,810	157	$1,268.15	0.26%
1048-553-07-0000	ONTARIO HSG AUTHORITY	123 E HOLT BLVD	0	4,191	33	$486.92	0.10%
1048-553-08-0000	ONTARIO HSG AUTHORITY	121 E HOLT BLVD	0	6,731	53	$782.02	0.16%
1048-553-09-0000	ONTARIO HSG AUTHORITY		0	3,556	28	$413.14	0.08%
1048-553-10-0000	ONTARIO HSG AUTHORITY		0	2,520	146	$1,112.80	0.23%
1048-553-11-0000	ONTARIO HSG AUTHORITY		0	3,906	31	$455.39	0.09%
1048-553-12-0000	ONTARIO HSG AUTHORITY	110 N EUCLID AVE	0	3,906	31	$455.39	0.09%
1048-553-13-0000	ONTARIO HSG AUTHORITY	112 N EUCLID AVE	10,000	7,812	62	$2,610.78	0.54%
1048-553-14-0000	ONTARIO HSG AUTHORITY	118 N EUCLID AVE	0	4,268	32	$485.42	0.10%
1048-553-15-0000	ONTARIO HSG AUTHORITY	122 N EUCLID AVE	3,904	3,780	31	$1,110.88	0.23%
	ONTARIO HOUSING AUTHORITY Total					$27,075.29	5.56%
1049-058-03-0000	SAN BERN COUNTY HSG AUTH	200 S EUCLID AVE	21,351	8,910	191	$5,450.32	1.12%
	SAN BERN COUNTY HOUSING AUTH Total					$5,450.32	1.12%
1049-057-01-0000	US GOVT		0	22,632	430	$4,266.08	0.88%
	US GOVT Total					$4,266.08	0.88%
	GRAND TOTAL					$180,681.37	37.12%

<u>Finding 6.</u> From Section 4(b): "All assessments must be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California".

This Report serves as the "detailed engineer's report" to support the benefit property assessments proposed to be levied within the proposed DOCBD.

Finding 7. From Section 4(c): "The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated."

The individual and total parcel assessments attributable to special property benefits are shown in Appendix 1 of this Report. The proposed renewed DOCBD and resultant assessment levies will continue for 10-years and may be renewed again at that time for up to an additional 10 years for each renewal. The reasons for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to building area, land area and street frontage of each parcel, except as noted herein, all within one benefit zone.

Assessment Formula Methodology

Step 1. Select "Basic Benefit Unit(s)"

Background - Assessment Formula Development

The method used to determine special benefits conferred on each identified assessed property within an assessment district begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the DOCBD, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by an assessment district in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIIID Section 4(b) of the California Constitution, and required of all property-based assessment districts, indirect or general benefit related costs may not be incorporated into the assessment formula and levied on the district properties; only direct or "special" benefits related costs may be used. Indirect or general benefits, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Article XIIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments. (See page 16 of this Report for discussion regarding publicly owned parcels within the DOCBD).

From the estimated net program costs, the value of a basic benefit unit or "basic net unit cost" can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as "spreading the assessment" or the "assessment spread" in that all costs are allocated proportionally or "spread" amongst all benefitting properties within the assessment district.

The method and basis of spreading program costs varies from one assessment district to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the district. Assessment districts may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or "stepped-down" special benefits derived.

DOCBD Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed DOCBD (i.e. Civil Sidewalks, District Identity & Placemaking, Administration and Contingency) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage of each parcel, except as noted herein, all within one benefit zone.

The "Basic Benefit Units" will be expressed as a combined function of gross exterior building square footage (Benefit Unit "A"), land square footage (Benefit Unit "B"), street frontage (Benefit Unit "C"), and in the case of residential condominium parcels, internal building square footage (Benefit Unit "D"). Based on the shape of the proposed DOCBD, as well as the nature of the work program, it is determined that all identified properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area, land area and street frontage of each parcel, except as noted herein, all within one benefit zone.

The interaction of building area, land area and street frontage quantities is a common method of fairly and equitably spreading special benefit costs to the beneficiaries of district funded services, programs and improvements. These factors directly relate to the degree of special benefit each assessed parcel will receive from DOCBD funded activities.

Building area (Benefit Unit A & D) is a direct measure of the static utilization of each parcel and its corresponding impact or draw on DOCBD funded activities. The targeted combined assessment weight of building area (Units A & D) is 35%. The actual combined weight of Units A & D is 36.3387%.

Land area (Benefit Unit B) is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on DOCBD funded activities. The targeted assessment weight of land area (Unit B) is 30%. Unit B will actually generate 27.1324% of the overall assessment revenue.

Street frontage (Benefit Unit C) is a direct measure of each parcel's corresponding impact or draw on DOCBD funded activities. The targeted assessment weight for street frontage is 35%. Unit C will actually generate 36.5289% of the overall assessment revenue.

Special Assessment Circumstances

1. Residential Condominiums

There are currently no residential condominium units within the DOCBD. It is the opinion of this Assessment Engineer that these residential condominium parcels, when built, will proportionately specially benefit from DOCBD funded programs and activities, but differently than commercial parcels and other residential rental parcels with multiple units on them. As such, based on the development configuration of such units which are generally multi floor buildings with no direct land or street frontage, the assessments for residential condominiums shall be assessed based solely on the internal building area of each residential condominium unit.

2. Multi-Unit Residential (rental)

In the opinion of this Assessment Engineer, parcels with multi-unit residential rental uses within the proposed DOCBD, will proportionately specially benefit from DOCBD funded programs, services and improvements the same as commercial parcels and uses. In the opinion of this Engineer, the level of benefit for the proposed renewed DOCBD funded programs, services and improvements for multi-unit residential use parcels is the same as commercial use parcels and the assessments shall be based on commercial assessment rates for gross exterior building area, land area and street frontage.

3. Publicly Owned and Fully Occupied Parcels

In the opinion of this Assessment Engineer, publicly owned parcels within the proposed renewed DOCBD will proportionately specially benefit from DOCBD funded programs, services and improvements but different than commercial parcels. The reason for this finding is rooted in the fact that commercial parcels and buildings provide the double benefit of directly generating income for the parcel in the form of market driven rents and, in turn, generate income to business owners as a function of retail sales areas, food and other service business space and office space to house revenue generating employees. This double benefit does not hold true for publicly owned parcels and facilities. In the opinion of this Engineer, the assessment for publicly owned parcels and facilities shall be based on land area and street frontage with no assessment levied on building area. Assessments for publicly owned parcels with for-profit occupancies or for-profit owned parcels with government occupancies shall be set at the same rates as commercial parcels and uses.

4. Non-Profit Owned-Occupied Parcels

In the opinion of this Assessment Engineer, non-profit owned-occupied parcels within the proposed renewed DOCBD will proportionately specially benefit from DOCBD funded programs, services and improvements but different than other for-profit owned-occupied commercial parcels. The reason for this finding is rooted in the fact that commercial parcels and buildings provide the double benefit of directly generating income for the parcel in the form of market driven rents and, in turn, generate income to business owners as a function of retail sales areas, food and other service business space and office space to house revenue generating employees. This double benefit does not hold true for non-profit owned-occupied parcels and facilities. In the opinion of this Engineer, the assessment for non-profit owned-occupied parcels and facilities shall be based on land area and street frontage with no assessment levied on building area. Assessments for non-profit owned parcels with for-profit occupancies or for-profit owned parcels with non-profit occupancies shall be set at the same rates as commercial parcels and uses.

5. Structured Parking

In the opinion of this Assessment Engineer, building square footage that is allocated to parking solely for tenants and is NOT available to the public at any time shall have that portion of the building square footage exempted from the individual parcel's gross building square footage. This reduction or exemption only applies to the building square footage of structured parking that is not available to public access and use. The individual parcel owner has the responsibility to inform the Property Owners' Association if such deductions are applicable since County records to not reveal this information via County tax records.

6. Commercial and Mixed-Use Condominiums (Future)

Because such uses are typically developed as part of a multi-floor complex, special methodologies are needed to address the levy of assessments on such land uses as follows:

A. Multi-Floor Commercial Only Condominiums (no residential units)

- Building area (interior) assessed at building area rate

- Land area assessed at land area rate but pro-rated for each unit relative to the unit interior building area compared to the total (cumulative) interior building area of the complex

- Street frontage assessed at land street frontage rate but pro-rated for each unit relative to the unit interior building area compared to the total (cumulative) interior building area of the complex

B. Multi-Floor Mixed-Use Condominiums

- Commercial condo interior building area assessed at building area rate

- Residential condo interior building area assessed at residential condominium building area rate

- Commercial land area assessed at land area rate, pro-rated for each unit relative to the unit interior building area compared to the total (cumulative) interior commercial building area of the complex

- Commercial street frontage assessed at commercial street frontage rate, pro-rated for the unit interior building area compared to the total (cumulative) interior commercial building area of the complex

Changes to Building and/or Parcel Size

Any changes in building or parcel size as a result of new construction, demolitions, land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such building and/or parcel adjustments.

Other Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Report and the Plan would require a new Article XIIID ballot procedure in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Considering all identified specially benefiting parcels within the DOCBD and their respective assessable benefit units, the cumulative quantities by factor are shown in the following Table:

Year 1 – 2025 - Assessable Benefit Units

BLDG AREA (SF)	LAND AREA (SF)	STREET FRONTAGE (LF)	R-CONDO BLDG AREA (SF)	# OF ASSESABLE PARCELS
1,040,518	2,031,904	27,356	0	204

Considering all identified specially benefiting parcels within the DOCBD and their respective assessable benefit units, the cumulative assessment revenue by factor are shown in the following Table:

Year 1 – 2025 – Projected Assessment Revenue

BLDG ASSMT $	LAND ASSMT $	STREET FRONTAGE ASSMT REVENUE	R-CONDO BLDG ASSMT REVENUE	TOTAL ASSMT REVENUE
$176,888.06	$132,073.76	$177,814.00	$0.00	$486,775.82
36.3387%	27.1324%	36.5289%	0.0000%	100.00%

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed renewed DOCBD was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment computations will be provided to each property owner in the DOCBD for their review. If a property owner believes there is an error on a parcel's assessed footages, the DOCBD may confirm the data with the Ontario County Assessor's office. If DOCBD data matches Assessor's data, the property owner may opt to work with the Assessor's office to correct the data so that the DOCBD assessment may be corrected.

Step 4. Determine Assessment Formula

In the opinion of this Assessment Engineer, the assessment formula for the proposed DOCBD, except as noted herein, is as follows:

Assessment = Building Area (Unit A) Sq Ft x Unit A Rate, plus
Land Area (Unit B) Sq Ft x Unit B Rate, plus
Street Frontage (Unit C) Lin Ft x Unit C Rate

or

= Residential Condo Building Area (Unit D) Sq Ft x Unit D Rate

Assessment Formula Unit Rates

Based on figures from the Assessable Benefit Units Table and the Projected Assessment Revenue on page 23, the assessment rates for each factor and zone are shown as calculated below:

Building Area Rate (Unit A)

($486,775.82 x 36.3387%)/1,040,518 units = $0.17/sq ft building area

Land Area Rate (Unit B)

($486,775.82 x 27.1324%)/2,031,904 units = $0.065/sq ft land area

Street Frontage Rate (Unit C)

($486,775.82 x 36.5289%)/27,356 units = $6.50/lin ft street frontage

Residential Condo Building Area Rate (Unit D) = $0.20/sq ft building area

YEAR 1 –2025 Assessment Rates

BLDG ASSMT RATE ($/SF)	LAND ASSMT RATE ($/SF)	STREET FRONTAGE ASSMT RATE ($/LF)	R-CONDO BLDG ASSMT RATE
$0.17	$0.065	$6.50	$0.20

The complete Year 1 – 2025 assessment roll of all parcels to be assessed by the DOCBD is included in this Report as Appendix 1.

Step 5. Estimate Total DOCBD Costs

The total projected 10-year DOCBD special benefit costs for 2025 – 2034 are shown in the Table on page 15 of this Report assuming a maximum 5% increase per year.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIIID)

Total Year 1 special and districtwide general benefit related costs are estimated at $496,710. Districtwide general benefits are factored at 2% of the total benefit value (see Finding 2 of this Report) with special benefits set at 98%. Article XIIID limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit value is computed to be $9,934 with a resultant 98% special benefit limit computed at $486,776. *Based on current property data and land uses, this is the maximum amount of Year 1 (2025) revenue that can be derived from property assessments from the subject District.* All program costs associated with district wide and site/activity specific general benefits will be derived from sources other than DOCBD assessments.

Step 7. Calculate "Basic Unit Cost"

With a YR 1 - 2025 assessment revenue portion of the budget set at $486,776 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the DOCBD is proposed to be renewed for a 10-year term, maximum assessments for future years (2025-2034) must be set at the inception of the proposed renewed DOCBD. An annual inflationary assessment rate increase of up to 5%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the DOCBD Property Owner's Association. The maximum assessment rates for the 10-year proposed renewed DOCBD renewal term of 2025-2034 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the proposed renewed DOCBD term (2025-2034).

DOCBD – 10-year Maximum Assessment Rates
(Includes a 5%/Yr. Max Increase)

YEAR	BLDG ASSMT RATE ($/SF)	LAND ASSMT RATE ($/SF)	FRONTAGE ASSMT RATE ($/LF)	R-CONDO BLDG ASSMT RATE ($/SF)
1	$0.1700	$0.0650	$6.5000	$0.2000
2	$0.1785	$0.0683	$6.8250	$0.2100
3	$0.1874	$0.0717	$7.1663	$0.2205
4	$0.1968	$0.0753	$7.5246	$0.2315
5	$0.2066	$0.0791	$7.9008	$0.2431
6	$0.2169	$0.0831	$8.2958	$0.2553

7	$0.2277	$0.0873	$8.7106	$0.2681
8	$0.2391	$0.0917	$9.1461	$0.2815
9	$0.2511	$0.0963	$9.6034	$0.2956
10	$0.2637	$0.1011	$10.0836	$0.3104

Step 8. Spread the Assessments

The resultant assessment spread calculation for each parcel within the DOCBD are shown in the Management District and this Report and were determined by applying the DOCBD assessment formula to each identified benefiting property. The complete Year 1 – 2025 assessment roll of all parcels to be assessed by the DOCBD is included in this Report as Appendix 1.

Miscellaneous DOCBD Provisions

Time and Manner of Collecting Assessments:

Assessments shall be collected at the same time and in the same manner as ad valorum taxes paid to the County of San Bernardino (Operation Years 2025-2034). The DOCBD assessments shall appear as a separate line item on the property tax bills issued by the San Bernardino County Assessor. The City of Ontario is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management District Plan.

Bonds:

No bonds are to be issued in conjunction with this proposed DOCBD.

Duration

As allowed by State Law, the DOCBD will have a ten (10) year operational term from January 1, 2025 to December 31, 2034. The proposed renewed DOCBD operation is expected to begin services on January 1, 2025. If the DOCBD is not renewed again at the end of the proposed 10-year renewal term, services will end on December 31, 2034.

APPENDIX 1

DOCBD
YR 1 – 2025
ASSESSMENT ROLL

APN	Site Address	Bldg SF	Land SF	Street Frontage LF	YR 1 - 2024 Assmt	Percent of Total
1048-354-01-0000	123 W E ST	0	10,058	201	$1,960.27	0.40%
1048-354-02-0000	123 W E ST	18,084	8,850	50	$3,974.53	0.82%
1048-354-03-0000	437 N EUCLID AVE	9,068	7,812	187	$3,264.84	0.67%
1048-354-04-0000	429 N EUCLID AVE	3,875	3,875	31	$1,112.13	0.23%
1048-354-05-0000	427 N EUCLID AVE	900	1,100	16	$328.50	0.07%
1048-354-06-0000	425 N EUCLID AVE	1,200	1,890	16	$430.85	0.09%
1048-354-07-0000	421 N EUCLID AVE	7,172	5,418	42	$1,844.41	0.38%
1048-354-08-0000	419 N EUCLID AVE	2,400	2,520	20	$701.80	0.14%
1048-354-09-0000	417 N EUCLID AVE	3,875	3,875	31	$1,112.13	0.23%
1048-354-10-0000	413 N EUCLID AVE	3,100	3,906	31	$982.39	0.20%
1048-354-11-0000	401 N EUCLID AVE	9,325	15,750	250	$4,234.00	0.87%
1048-354-12-0000		0	25,488	321	$3,743.22	0.77%
1048-354-13-0000		0	6,580	70	$882.70	0.18%
1048-355-02-0000		0	8,469	48	$862.49	0.18%
1048-355-03-0000	537 N EUCLID AVE	4,900	5,922	173	$2,342.43	0.48%
1048-355-04-0000	531 N EUCLID AVE	4,042	5,764	46	$1,360.80	0.28%
1048-355-05-0000	527 N EUCLID AVE	1,659	3,927	31	$738.79	0.15%
1048-355-06-0000	523 N EUCLID AVE	2,449	3,876	41	$934.77	0.19%
1048-355-07-0000	521 N EUCLID AVE	6,193	7,560	44	$1,830.21	0.38%
1048-355-08-0000	517 N EUCLID AVE	4,579	5,555	44	$1,425.51	0.29%
1048-355-11-0000		0	10,217	58	$1,041.11	0.21%
1048-355-13-0000	516 N LAUREL AVE	1,555	5,358	57	$983.12	0.20%
1048-355-15-0000	125 W F ST	7,204	16,992	333	$4,493.66	0.92%
1048-355-16-0000	507 N N EUCLID	2,349	15,646	250	$3,041.32	0.62%
1048-356-01-0000	123 W G ST	7,083	19,492	259	$4,154.59	0.85%
1048-356-02-0000	635 N EUCLID AVE	8,640	10,396	208	$3,496.54	0.72%
1048-356-03-0000	625 N EUCLID AVE	3,449	5,850	48	$1,278.58	0.26%
1048-356-04-0000	621 N EUCLID AVE	4,091	5,670	45	$1,356.52	0.28%
1048-356-05-0000	615 N EUCLID AVE	12,400	7,812	62	$3,018.78	0.62%
1048-356-06-0000	611 N EUCLID AVE	1,752	3,906	31	$753.23	0.15%
1048-356-07-0000	N EUCLID AVE	0	3,906	31	$455.39	0.09%
1048-356-08-0000	603 N EUCLID AVE	2,480	2,480	31	$784.30	0.16%
1048-356-09-0000	601 N EUCLID AVE	2,170	2,480	111	$1,251.60	0.26%
1048-356-10-0000	110 W F ST	0	2,852	46	$484.38	0.10%
1048-356-11-0000		0	9,799	55	$994.44	0.20%
1048-356-12-0000	128 W F ST	0	16,992	273	$2,878.98	0.59%
1048-356-13-0000	622 N LAUREL AVE	2,068	5,564	62	$1,116.22	0.23%
1048-361-01-0000	636 N EUCLID AVE	5,454	15,710	250	$3,573.33	0.73%
1048-361-02-0000	PARKING PKG LOT	0	7,681	48	$811.27	0.17%
1048-361-03-0000	120 E G ST	0	6,930	50	$775.45	0.16%
1048-361-04-0000	128 E G ST	2,017	7,140	191	$2,048.49	0.42%
1048-361-05-0000	615 N LEMON AVE	1,182	3,108	121	$1,189.46	0.24%
1048-361-06-0000	613 N LEMON AVE	0	8,352	58	$919.88	0.19%
1048-361-07-0000	609 N LEMON AVE	7,130	8,928	62	$2,195.42	0.45%
1048-361-08-0000	115 E F ST	5,292	8,352	202	$2,755.52	0.57%
1048-361-09-0000	602 N EUCLID AVE	6,492	7,855	188	$2,836.22	0.58%
1048-361-10-0000	608 N EUCLID AVE	5,263	7,812	62	$1,805.49	0.37%
1048-361-11-0000	616 N EUCLID AVE	0	7,812	62	$910.78	0.19%

1048-361-12-0000	620 N EUCLID AVE	0	7,855	62	$913.58	0.19%
1048-362-02-0000		0	8,142	46	$828.23	0.17%
1048-362-03-0000	124 E F ST	9,342	16,800	273	$4,454.64	0.92%
1048-362-04-0000	515 N LEMON	2,209	7,680	86	$1,433.73	0.29%
1048-362-05-0000	LEMON ST	0	8,736	187	$1,783.34	0.37%
1048-362-06-0000	121 E ST	1,940	8,640	49	$1,209.90	0.25%
1048-362-07-0000	506 N EUCLID AVE	1,148	15,624	250	$2,835.72	0.58%
1048-362-08-0000	516 N EUCLID AVE	11,096	11,718	93	$3,252.49	0.67%
1048-362-09-0000	536 N EUCLID ST	0	11,782	220	$2,195.83	0.45%
1048-362-10-0000	534 N EUCLID ST	0	7,855	62	$913.58	0.19%
1048-363-01-0000	434 N EUCLID AVE	100	5,136	160	$1,390.84	0.29%
1048-363-02-0000	PARKING PKG LOT	0	38,086	411	$5,147.09	1.06%
1048-363-03-0000	PARKG & ATM	0	11,512	224	$2,204.28	0.45%
1048-363-04-0000	404 N EUCLID AVE	10,500	10,080	205	$3,772.70	0.78%
1048-363-05-0000	414 N EUCLID AVE	31,973	31,901	260	$9,198.98	1.89%
1048-551-10-0000	116 E D ST.	0	46,602	430	$5,824.13	1.20%
1048-551-11-0000	312 N EUCLID AVE	0	29,886	349	$4,211.09	0.87%
1048-551-12-0000	334 N EUCLID AVE	0	21,240	287	$3,246.10	0.67%
1048-551-13-0000	127 E C ST	0	6,430	206	$1,756.95	0.36%
1048-552-13-0000	126 E C ST	0	34,579	546	$5,796.64	1.19%
1048-552-14-0000	124 E C ST	0	19,096	97	$1,871.74	0.38%
1048-552-15-0000	C C ST	0	2,439	10	$223.54	0.05%
1048-552-17-0000	240 N EUCLID AVE	6,800	10,993	218	$3,287.55	0.68%
1048-552-18-0000	N N EUCLID	0	789	14	$142.29	0.03%
1048-552-22-0000	200 N EUCLID AVE	8,828	8,509	213	$3,438.35	0.71%
1048-552-23-0000	200 N EUCLID AVE.	0	1,786	0	$116.09	0.02%
1048-552-24-0000		0	24,332	195	$2,849.08	0.59%
1048-553-01-0000		0	7,434	185	$1,685.71	0.35%
1048-553-02-0000	118 E B ST	4,450	8,496	48	$1,620.74	0.33%
1048-553-03-0000	B ST	0	8,496	48	$864.24	0.18%
1048-553-04-0000	127 N LEMON AVE	0	8,496	225	$2,014.74	0.41%
1048-553-05-0000	115 N LEMON AVE	0	5,760	40	$634.40	0.13%
1048-553-06-0000	127 E HOLT BLVD	0	3,810	157	$1,268.15	0.26%
1048-553-07-0000	123 E HOLT BLVD	0	4,191	33	$486.92	0.10%
1048-553-08-0000	121 E HOLT BLVD	0	6,731	53	$782.02	0.16%
1048-553-09-0000		0	3,556	28	$413.14	0.08%
1048-553-10-0000		0	2,520	146	$1,112.80	0.23%
1048-553-11-0000		0	3,906	31	$455.39	0.09%
1048-553-12-0000	110 N EUCLID AVE	0	3,906	31	$455.39	0.09%
1048-553-13-0000	112 N EUCLID AVE	10,000	7,812	62	$2,610.78	0.54%
1048-553-14-0000	118 N EUCLID AVE	0	4,268	32	$485.42	0.10%
1048-553-15-0000	122 N EUCLID AVE	3,904	3,780	31	$1,110.88	0.23%
1048-553-16-0000	126 N EUCLID AVE	3,250	8,854	31	$1,329.51	0.27%
1048-553-17-0000	128 N EUCLID AVE	17,400	8,190	65	$3,912.85	0.80%
1048-561-07-0000	303 N LAUREL AVE	3,417	8,496	225	$2,595.63	0.53%
1048-561-08-0000	210 W C ST	3,845	17,169	96	$2,393.64	0.49%
1048-561-09-0000	218 W C ST	1,392	8,554	48	$1,104.65	0.23%
1048-561-10-0000	220 W C ST	0	8,496	48	$864.24	0.18%
1048-561-11-0000	228 W C ST	1,190	8,400	123	$1,547.80	0.32%

1048-561-12-0000	312 N PALM AVE	1,728	4,896	102	$1,275.00	0.26%
1048-561-13-0000		109,032	54,516	642	$26,251.98	5.39%
1048-562-01-0000	215 W C ST	20,826	42,834	417	$9,035.13	1.86%
1048-562-02-0000	223 N LAUREL AVE	4,178	8,496	225	$2,725.00	0.56%
1048-562-03-0000	205 N LAUREL AVE	19,923	34,161	369	$8,005.88	1.64%
1048-562-06-0000	212 N PALM AVE	1,980	2,658	55	$866.87	0.18%
1048-562-07-0000	210 N PALM AVE	0	13,032	170	$1,952.08	0.40%
1048-563-01-0000	225 W B ST	1,194	6,096	175	$1,736.72	0.36%
1048-563-02-0000	W B ST	0	8,496	48	$864.24	0.18%
1048-563-03-0000	217 W B ST	6,767	16,992	96	$2,878.87	0.59%
1048-563-06-0000		0	9,365	226	$2,077.73	0.43%
1048-563-07-0000	202 W HOLT BLVD	5,154	7,536	48	$1,678.02	0.34%
1048-563-08-0000	210 W HOLT BLVD	16,692	16,992	96	$4,566.12	0.94%
1048-563-09-0000	222 W HOLT BLVD	0	8,496	46	$851.24	0.17%
1048-563-10-0000	220 W HOLT BLVD	0	8,496	225	$2,014.74	0.41%
1048-563-11-0000	120 N PALM AVE	790	2,400	47	$595.80	0.12%
1048-563-12-0000	209 W B ST	3,360	7,953	48	$1,400.15	0.29%
1048-563-13-0000	203 W B ST	13,104	8,754	225	$4,259.19	0.87%
1048-564-01-0000	121 W B ST	6,888	7,680	176	$2,814.16	0.58%
1048-564-02-0000	115 W B ST	16,724	8,496	48	$3,707.32	0.76%
1048-564-03-0000	139 N EUCLID AVE	15,650	8,820	196	$4,507.80	0.93%
1048-564-04-0000	131 N EUCLID AVE	4,125	6,875	55	$1,505.63	0.31%
1048-564-05-0000	125 N EUCLID AVE	2,733	3,906	36	$952.50	0.20%
1048-564-06-0000	121 N EUCLID AVE	0	7,812	61	$904.28	0.19%
1048-564-07-0000	109 N EUCLID AVE	10,572	10,278	93	$3,069.81	0.63%
1048-564-08-0000	107 N EUCLID AVE	3,472	1,835	21	$846.02	0.17%
1048-564-09-0000	103 N EUCLID AVE	3,960	2,132	93	$1,416.28	0.29%
1048-564-10-0000	102 W HOLT BLVD	8,660	4,330	74	$2,234.65	0.46%
1048-564-11-0000	114 W HOLT BLVD	3,615	8,622	48	$1,486.98	0.31%
1048-564-12-0000	118 W HOLT BLVD	8,653	8,914	214	$3,441.42	0.71%
1048-564-13-0000		0	6,299	58	$786.44	0.16%
1048-564-14-0000		0	9,312	97	$1,235.78	0.25%
1048-565-01-0000	127 W C ST	0	23,388	291	$3,411.72	0.70%
1048-565-02-0000	115 W C ST	2,100	2,100	30	$688.50	0.14%
1048-565-03-0000	245 N EUCLID AVE	33,804	11,782	219	$7,936.01	1.63%
1048-565-04-0000	235 N EUCLID AVE	2,400	1,536	24	$663.84	0.14%
1048-565-05-0000	231 N EUCLID AVE	11,976	5,820	37	$2,654.72	0.55%
1048-565-06-0000	219 N EUCLID AVE	7,812	7,812	62	$2,238.82	0.46%
1048-565-07-0000	215 N EUCLID AVE	3,696	4,032	31	$1,091.90	0.22%
1048-565-08-0000	211 N EUCLID AVE	3,480	3,780	31	$1,038.80	0.21%
1048-565-09-0000	207 N EUCLID AVE	5,560	4,000	31	$1,406.70	0.29%
1048-565-10-0000	203 N EUCLID AVE	7,938	7,812	188	$3,079.24	0.63%
1048-565-11-0000	112 W B ST	36,864	9,216	95	$7,483.42	1.54%
1048-565-12-0000	126 W B ST	3,296	3,360	118	$1,545.72	0.32%
1048-565-13-0000		0	5,136	107	$1,029.34	0.21%
1048-565-14-0000		0	8,448	0	$549.12	0.11%
1048-566-01-0000	123 W D ST	0	4,800	148	$1,274.00	0.26%
1048-566-02-0000	123 W D ST	6,111	8,496	48	$1,903.11	0.39%
1048-566-03-0000		0	8,496	48	$864.24	0.18%

1048-566-04-0000	325 N EUCLID AVE	10,840	11,844	219	$4,036.16	0.83%
1048-566-05-0000	317 N EUCLID AVE	35,524	17,262	136	$8,045.11	1.65%
1048-566-06-0000	313 N EUCLID AVE	5,800	6,552	52	$1,749.88	0.36%
1048-566-07-0000	301 N EUCLID AVE	12,003	11,718	219	$4,225.68	0.87%
1048-566-08-0000	PUBLIC PARKING LOT	0	2,400	0	$156.00	0.03%
1048-566-09-0000		0	14,662	100	$1,603.03	0.33%
1048-566-10-0000		0	8,496	225	$2,014.74	0.41%
1048-566-11-0000	324 N LAUREL AVE	2,208	3,696	77	$1,116.10	0.23%
1049-055-01-0000	221 W HOLT BLVD	9,064	9,064	192	$3,378.04	0.69%
1049-055-02-0000	215 W HOLT BLVD	3,738	3,738	42	$1,151.43	0.24%
1049-055-03-0000	213 W HOLT AVE	4,361	4,361	50	$1,349.84	0.28%
1049-055-04-0000	205 W HOLT BLVD	4,183	4,183	47	$1,288.51	0.26%
1049-055-05-0000	201 E HOLT BLVD	1,000	4,272	137	$1,338.18	0.27%
1049-055-06-0000		0	4,301	137	$1,170.07	0.24%
1049-055-07-0000		0	4,183	47	$577.40	0.12%
1049-055-08-0000		0	4,301	48	$591.57	0.12%
1049-055-09-0000	115 S PALM AVE	12,905	12,816	233	$4,541.39	0.93%
1049-056-01-0000	221 W TRANSIT ST	0	15,225	254	$2,640.63	0.54%
1049-056-02-0000	211 W TRANSIT ST	0	4,872	48	$628.68	0.13%
1049-056-03-0000	W TRANSIT ST	0	4,872	48	$628.68	0.13%
1049-056-04-0000	200 S LAUREL AVE	0	5,040	153	$1,322.10	0.27%
1049-056-05-0000	208 W EMPORIA ST	15,000	15,225	250	$5,164.63	1.06%
1049-056-06-0000	228 W EMPORIA ST	0	15,225	250	$2,614.63	0.54%
1049-057-01-0000		0	22,632	430	$4,266.08	0.88%
1049-057-02-0000	117 W HOLT BLVD	4,428	4,428	56	$1,404.58	0.29%
1049-057-03-0000	100 S EUCLID AVE	5,212	5,280	158	$2,256.24	0.46%
1049-057-04-0000	108 S EUCLID AVE	6,680	3,520	31	$1,565.90	0.32%
1049-057-05-0000	110 S EUCLID AVE	9,000	4,900	430	$4,643.50	0.95%
1049-057-06-0000		0	5,600	156	$1,378.00	0.28%
1049-057-07-0000	206 W TRANSIT ST	0	3,723	50	$567.00	0.12%
1049-058-01-0000	119 W TRANSIT ST	8,654	9,856	208	$3,463.82	0.71%
1049-058-02-0000		0	5,077	68	$772.01	0.16%
1049-058-03-0000	200 S EUCLID AVE	21,351	8,910	191	$5,450.32	1.12%
1049-058-04-0000	214 EUCLID AVE	4,048	9,000	214	$2,664.16	0.55%
1049-058-05-0000	211 S LAUREL AVE	3,920	13,346	204	$2,859.89	0.59%
1049-059-07-0000	303 W EMPORIA ST	0	6,136	52	$736.84	0.15%
1049-059-08-0000	301 EMPORIA ST	2,910	8,140	74	$1,504.80	0.31%
1049-059-09-0000	223 EMPORIA ST	0	8,140	56	$893.10	0.18%
1049-059-14-0000		0	39,403	405	$5,193.70	1.07%
1049-059-21-0000	211 W EMPORIA ST	22,935	29,645	269	$7,574.38	1.56%
1049-061-01-0000	150 E HOLT BLVD	57,930	20,097	428	$13,936.41	2.86%
1049-061-02-0000	150 E HOLT BLVD	0	20,196	427	$4,088.24	0.84%
1049-061-03-0000		0	4,488	48	$603.72	0.12%
1049-062-01-0000	225 S EUCLID AVE	15,000	34,087	395	$7,333.16	1.51%
1049-062-02-0000		0	38,880	412	$5,205.20	1.07%
1049-063-01-0000	204 E HOLT BLVD	5,536	9,021	190	$2,762.49	0.57%
1049-063-02-0000	214 E HOLT BLVD	11,400	13,548	97	$3,449.12	0.71%
1049-063-03-0000	220 E HOLT BLVD	1,040	1,504	17	$385.06	0.08%
1049-063-04-0000	222 E HOLT BLVD	2,080	3,008	31	$750.62	0.15%

1049-063-05-0000	230 E HOLT BLVD	1,614	4,512	142	$1,490.66	0.31%
1049-063-06-0000	120 S PLUM AVE	3,384	4,512	142	$1,791.56	0.37%
1049-063-07-0000	223 E TRANSIT ST	1,645	4,464	48	$881.81	0.18%
1049-063-08-0000	TRANSIT ST	0	9,021	96	$1,210.37	0.25%
1049-063-09-0000	119 S LEMON AVE	0	4,559	143	$1,225.84	0.25%
1049-063-10-0000	111 S LEMON AVE	4,000	4,559	47	$1,281.84	0.26%
1049-064-12-0000		0	8,064	0	$524.16	0.11%
1049-064-13-0000	217 S LEMON AVE	6,400	12,768	133	$2,782.42	0.57%
1049-064-14-0000	204 E TRANSIT ST	6,232	48,242	620	$8,225.17	1.69%
		1,040,518	2,031,904	27,356	$486,775.82	100.00%

APPENDIX 2

DOCBD BOUNDARY MAP


Ontario District Map | June 2023
NEW CITY America, Inc.
E H St
E El Morado Ct
W G St
E G St
W F St
E F St
W E St
E E St
W D St
E D St
W C St
E C St
E B St
W Holt Blvd
E Holt Blvd
W Emporia St
E Transit St
E Main St
S Vine Ave
N Vine Ave
N Fern Ave
S Fern Ave
N Palm Ave
S Palm Ave
N Laurel Ave
S Laurel Ave
Euclid Ave
N Lemon Ave
S Lemon Ave
N Plum Ave
N Cherry Ave
S Cherry Ave
N Sultana Ave
1048-356
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1048-551
1048-561
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1049-059
0 125 250 500 Feet
LEGEND
District Parcel
Parcel

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, STATING ITS INTENTION TO RENEW THE DOWNTOWN ONTARIO COMMUNITY BENEFIT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN SUCH DISTRICT PURSUANT TO THE ESTABLISHMENT OF PROPERTY BUSINESS IMPROVEMENT DISTRICTS, SECTION 36600 OF THE CALIFORNIA STREETS AND HIGHWAY CODE, AND APPOINTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO.

WHEREAS, the Property Business Improvement District Law of 1994, (the "Law") authorizes Property Business Improvement Districts ("PBID") to promote the economic revitalization and physical maintenance of mixed use and business districts in the City of Ontario (the "City"); and

WHEREAS, the Law authorizes the levy and collection of assessments on real property within such districts for the purpose of providing improvements and promoting activities that specially benefit real property within such districts; and

WHEREAS, articles XIIIC and XIIID of the California Constitution and Section 53753 of the California Government Code impose certain procedural and substantive requirements relating to the levy of new or increased assessments; and

WHEREAS, the City established the Downtown Ontario Community Benefit District (the "District") in 2019 and now intends to renew the District for a period of ten (10) additional years pursuant to the Law; and

WHEREAS, written petitions have been submitted by District property owners requesting the City Council to initiate proceedings pursuant to the Law to renew the District for up to a maximum ten (10) year renewal term; and

WHEREAS, such petitions were signed by property owners owning property within the boundaries of the District who will pay more than fifty percent (50%) of the assessments proposed to be renewed and levied; and

WHEREAS, no real properties deriving special benefit within the District will be exempted from payment of the assessments; and

WHEREAS, a Management District Plan entitled the "Management District Plan for the Downtown Ontario Improvement Association and The City of Ontario" (the "Management District Plan") has been prepared and submitted to the City Clerk, containing all of the information required by Section 36622 of the California Streets and Highway Code, including a description of the boundaries of the District, the improvements and activities proposed for the District, and the cost of such improvements and activities; and

WHEREAS, the City now desires to renew the District for a period of ten (10) years.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario, California, as follows:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Pursuant to Section 36621(a) of the California Streets and Highway Code, the City hereby declares its intention to renew the District and to levy and collect assessments against lots and parcels of real property within the District commencing with fiscal year 2024-25 and each fiscal year for a period not to exceed ten (10) years.

SECTION 3. The City Council hereby approves the Management District Plan, on file in the office of the City Clerk.

SECTION 4. The City Clerk shall make the Management District Plan, the Assessment Engineer's report, and other documents related to the District available to the public for review during normal business hours.

SECTION 5. NOTICE IS HEREBY GIVEN that the City Council shall conduct a public hearing on the renewal of the District and the levy and collection of assessments beginning Fiscal Year 2024-25 on January 16, 2024 at 6:30 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers located at 303 East B St, Ontario, California 91764. At the public hearing, the City Council will consider all objections or protests, if any, to the proposed renewal of the District and the proposed assessment. Any interested person may present written or oral testimony at the public hearing. At the conclusion of the public testimony portion of the public hearing, the City Clerk shall open and tabulate all ballots received and not withdrawn at that time. Results of the ballot procedure will be announced, and, provided a weighted majority in opposition to the District renewal does not occur, the City Council may then renew the District by adopting a resolution to that effect.

SECTION 6. The boundaries of the District generally include all properties listed within the boundaries of the map on file in the Management District Plan filed in the City Clerk's office.

SECTION 7. The activities for the District may include sidewalk cleaning, private security, beautification, marketing and promotional activities, administration of the services, public space development and enhancement for residential property owners in the District, and the funding of contingency/reserve account. All proposed services and improvements specially benefit real property owners located in the District.

SECTION 8. The assessment proposed to be levied and collected on properties within the renewed District for fiscal year 2024-25 is $486,776.00. The amount to be levied and collected for subsequent years may be increased, by an amount not to exceed five (5) percent per year provided, however, assessments shall not be increased to exceed the proportionate special benefit conferred on any parcel. No bonds will be issued.

SECTION 9. The City Clerk is hereby authorized and directed to give notice of the public hearing as provided in Section 53753 of the Government Code and Article XIIID, Section 4 of the California Constitution.

SECTION 10. This Resolution shall become effective immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 7th day of November 2023.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2023- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held November 7, 2023 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2023- duly passed and adopted by the Ontario City Council at their regular meeting held November 7, 2023.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **CONSENT CALENDAR**
Department: Communications and Community Relations Prepared By: Tricia Almiron Staff Member Presenting: Dan Bell, Communications and Community Relations Director Approved By: 	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 17

SUBJECT: UPDATED LEGISLATIVE PLATFORMS

RECOMMENDATION: That the Council approve the 2024 State and Federal Legislative Platforms.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Maintain the Current High Level of Public Safety
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: There is no direct fiscal impact associated with the receiving and filing of this report.

BACKGROUND & ANALYSIS: Each year, Staff reviews the City's Platforms and makes updates based on current projects that impact the City. The proposed 2024 Legislative Platforms serves as the basis to engage in policy and legislative initiatives that will enable the City of Ontario to deliver projects and programs that meet the needs of it's residents. The document also guides Staff recommendations to the City Council on state and federal legislative, regulatory, and administrative matters that are anticipated to be addressed in the upcoming year. The Staff recommended changes are mostly minor, with an emphasis on removing redundancies and adding current policy guidance. The suggested updates are a result of collaboration between City departments. Examples of 2024 priority issues are: housing funding, fire medical dispatch, homelessness and goods movement. Staff anticipates another robust year in Sacramento and Washington D.C. By adopting the updated platforms, Staff and advocates can pursue policy and funding opportunities proactively. The City will continue to partner with public and private sector entities to support common objectives in and foster relationships within the region.



STATE

LEGISLATIVE

PLATFORM

CITY • OF • ONTARIO • 2024

ABOUT ONTARIO

Founded as a Model Colony, based on innovation, planned development, community service and family values, the City of Ontario has become the economic heart of the region. The City Council is committed to maintaining Ontario's leadership role in the Inland Empire by continuing to invest in the growth and evolution of the area's economy while providing a balance of jobs, housing, educational and recreational opportunities for our residents in a safe, well-maintained community.

Incorporated December 10, 1891, the City of Ontario covers an area of 50 miles within San Bernardino County. It is located 35 miles east of Los Angeles.



The primary objective of the Legislative Platform is to establish official City positions on clearly stated legislative issues at the start of the legislative year. The Legislative Platform is developed and maintained using the goals and objectives of the City Council, a review of legislative priorities from Cal Cities, the County of San Bernardino, Southern California Association of Governments (SCAG), and San Bernardino County Transportation Authority (SBCTA); input from City Staff, research of current law and pending legislation, as well as discussions with local legislative staff and the City's legislative advocates.

State legislative proposals and policies consistent with the Legislative Platform may be supported by the City. Those policies or proposals inconsistent with this agenda may be opposed by the City. Generally, the City will not address matters that are not pertinent to the City's local government services. The City may take positions such as Support or Oppose, or more nuanced positions such as "if amended" as a situation warrants but will not issue letters of concern without express City Council approval.

1. Local Control
    a. Retain local control over all aspects of municipal land use.
    b. Oppose legislation seeking to reallocate revenue obtained from the Bradley-Burns Uniform Local Sales and Use Tax.
    c. Oppose unfunded mandates.
    d. Oppose legislation that would eliminate the tax exemption for municipal bonds.
    e. Advocate for community lead priorities.

2. Economic Investment
    a. Funding for "Smart Growth" and transit-oriented multimodal development.
    b. Reinstate/reinstitute some form of practical tax increment financing.
    c. Funding for adaptive reuse and/or historic preservation.
    d. Funding for workforce development, veterans job opportunities, and job readiness.
    e. Advocate for equitable funding for trade corridors, gateways, intermodal connectors, and freight facilities in the region.
    f. Assist with additional revenue streams to support freight movement investment adequate to address the local and regional impacts of national freight flows.
    g. Advocate for direct funding to local jurisdictions without unnecessary distribution though the State and County.

3. Public Safety
    a. Invest in the security of the City and public safety officers.
    b. Invest in training and equipment for all first responders.
    c. Increase funding for disaster preparedness, prevention, recovery, and response for all-hazard threats.

4. Collaboration with Other Governmental Agencies
    a. Regional homelessness program and mental health epidemic.
    b. Regional wastewater & recycled water services.
    c. Support local authority to contract fire dispatch and medical services.

5. Commercial & Residential Neighborhoods
    a. Support funding for Regional Housing Needs Assessment requirements.
    b. New funding for homelessness services and the construction of high-quality, fully serviced transitional housing facilities.
    c. Support reform of SCAQMD policies to mitigate negative impacts on the local and regional economy.
    d. Explore cutting-edge freight conveyance systems for on and off-airport freight movement.
    e. Allow local jurisdictions to plan affordable housing holistically.
    f. Encourage private investment in affordable housing.

6. Infrastructure
    a. Investment in water, streets, sewers, parks, storm drains, and public facilities.
    b. Support the reduction and dependence on imported water from the State Water Project.
    c. Expand economic options for Ontario logistics projects/investments.
    d. Restore incremental tax funding options to cities, either as infrastructure finance districts, redevelopment agencies, or new funding programs.
    e. Oppose further restrictions on Surplus Land Act requirements.
    f. Oppose efforts to divert transportation infrastructure revenues for non-transportation purposes.

7. Quality of Life
    a. Provide Care Act resources to San Bernardino County.
    b. Increase the private match for grade separations.
    c. Support streamlined environmental revisions that remove duplication of state and federal processes.
    d. Support increased funding for historic preservation and retrofit, and community centers.

8. Technology
    a. Support efforts to expand municipal broadband and cooperation of service delivery with the private sector, such as OntarioNet.
    b. Support funding for wireless solutions and promote smart city options and high-quality broadband services.
    c. Support cities who have invested local funding to broadband expansion efforts.
    d. Advocate for funding towards zero emission municipal fleets.

Examples of High Priority Projects

- Goods Movement
    - Interstate 10/Grove Avenue Interchange
    - SR-71/SR-91 Interchange Expansion
- Safety
    - Euclid Corridor Rehabilitation
- Sustainability
    - Alternate Water Supply Program
- Innovation
    - OntarioNet
- Quality of Life
    - Ontario Sports Complex
    - Transit Oriented Development along Holt Blvd. Corridor
    - Ontario Grand Park
    - Granada Theater Historic Renovation



Federal

LEGISLATIVE

PLATFORM

CITY • OF • ONTARIO • 2024

ABOUT ONTARIO

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Federal legislative proposals and policies consistent with the Legislative Platform may be supported by the City. Those policies or proposals inconsistent with this agenda may be opposed by the City. Generally, the City will not address matters that are not pertinent to the City's local government services. The City may take nuanced positions such as Support or Oppose "if amended" as a situation warrants but will not issue letters of concern without express City Council approval.

1. Economic Investment
    a. Funding for "Smart Growth" and transit-oriented multimodal development.
    b. Reinstate/reinstitute some form of practical tax increment financing.
    c. Funding for adaptive reuse and/or historic preservation.
    d. Funding for workforce development, veterans job opportunities, and job readiness.
    e. Advocate for equitable funding for trade corridors, gateways, intermodal connectors, and freight facilities in the region.
    f. Assist with additional revenue streams to support freight movement investment adequate to address the local and regional impacts of national freight flows.
    g. Support strong funding for Community Development Block Grants.
    h. Advocate for funding to come to local jurisdictions without having to be distributed though the State and County level.

2. Infrastructure
    a. Investment in water, streets, sewers, parks, storm drains, and public facilities.
    b. Support the reduction and dependence on imported water from the State Water Project.
    c. Expand economic options for Ontario Logistics Projects/Investments.
    d. Restore incremental tax funding options to cities, either as infrastructure finance districts, redevelopment agencies, or new funding programs.

3. Public Safety
    a. Invest in training and equipment for all first responders.
    b. Increase funding for disaster preparedness, prevention, recovery, and response for all-hazard threats.

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    a. Regional homelessness program and mental health epidemic.
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    a. Explore cutting-edge freight conveyance systems for on and off-airport freight movement.
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    a. Increase the private match for grade separations.
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    a. Support efforts to expand municipal broadband and cooperation of service delivery with the private sector, such as OntarioNet.
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    c. Support cities who have invested local funding to broadband efforts.
    d. Advocate for funding towards zero emission municipal fleets.

Examples of High Priority Projects

- Goods Movement
    - Interstate 10/Grove Avenue Interchange
    - SR-71/SR-91 Interchange Expansion
- Safety
    - Euclid Corridor Rehabilitation
- Sustainability
    - Alternate Water Supply Program
- Innovation
    - OntarioNet
- Quality of Life
    - Ontario Sports Complex
    - Transit Oriented Development along Holt Blvd. Corridor
    - Ontario Grand Park
    - Granada Theater Historic Renovation

CITY OF ONTARIO *Agenda Report* **November 7, 2023**	**SECTION:** **ADMINISTRATIVE REPORTS/DISCUSSION/ACTION**
Department: Financial Services Prepared By: Stephanie Castro Staff Member Presenting: Armen Harkalyan, Executive Director of Finance Reviewed By: Cecilia House, . . Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 18

SUBJECT: **A RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) SPECIAL TAX BONDS, SERIES 2023 AND RELATED MATTERS**

RECOMMENDATION: That the City Council take the following actions:

A. Consider and adopt a Resolution authorizing the issuance of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023, in an aggregate principal amount of not-to-exceed $21 million, authorizing the execution and delivery of an indenture, a bond purchase agreement, a continuing disclosure agreement, a first amendment to acquisition and funding agreement, authorizing the distribution of an official statement and related actions;
B. Consider and adopt a Resolution of the City of Ontario making a declaration of official intent to reimburse facilities expenditures with bond proceeds and related actions;
C. Authorize the issuance of special tax bonds for public improvements required to facilitate the development of the Parkside/La Avenida project and the Ontario Ranch development;
D. Approve the forms of the Indenture, the Bond Purchase Agreement, First Amendment to Acquisition and Funding Agreement; the Continuing Disclosure Agreement, and the Preliminary Official Statement;
E. Authorize a negotiated sale of the special tax bonds to Samuel A. Ramirez & Co., in accordance with the terms of the Bond Purchase Agreement; and
F. Authorize the execution of the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, a deemed final certification in connection with the Preliminary Official Statement, a final Official Statement and other documents in connection with the issuance of the bonds by the City Manager or the other specified authorized officers.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The use of Mello-Roos financing for public facilities in the residential development of the Parkside/La Avenida project in the Ontario Ranch development, is estimated to generate approximately $21 million in bond proceeds based on current market interest rates. These funds will be used to help fund a portion of the public infrastructure improvements that will serve the project area. The Resolution authorizing the issuance of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023, and related matters, limits the principal amount of the bonds to $21 million. The City currently expects the bonds to be sold no later than December 2023; however, such schedule could change based on market volatility and market conditions. Since Mello-Roos bonds are not a direct obligation of the City and are paid from special taxes levied on each taxable parcels in the applicable community facilities district, there is no impact to the General Fund from the issuance of Mello-Roos bonds. Annual approval by the City Council will be required to process the special tax levies necessary to fund the ongoing debt service obligations of Ontario Community Facilities District No. 56 (Parkside/La Avenida).

BACKGROUND & ANALYSIS: The Mello-Roos Community Facilities Act of 1982 provides local government, with the requisite consent and approval from the property owners, the authority to establish community facilities districts for levying special taxes to fund governmental services and finance various kinds of public infrastructure facilities. Under the Mello-Roos Act, the initial steps in the formation of a community facilities district to finance public improvements are adopting a Resolution declaring the City's intention to establish a community facilities district and levy special taxes, a Resolution to issue bonds, and a Resolution of the City of Ontario making a declaration of official intent to reimburse facilities expenditures with bond proceeds and related matters. On November 16, 2021 the City Council, in accordance with the Mello-Roos Act, took the initial steps in the formation of the District with the adoption of Resolution No. 2021-171, declaring the City's intention to establish the District and to authorize the levy of special taxes, and Resolution No. 2021-172 deeming it necessary for the District to incur bonded indebtedness. On December 21, 2021, the City Council adopted Resolution No. 2021-188 forming the District. Based on a successful property owner election held on December 21, 2021, the City Council adopted Ordinance No. 3199 on January 18, 2022, authorizing the levy of special taxes within the District to finance public improvements related to the Parkside/La Avenida project.

The public improvements to be financed by the District are as follows:

- Storm Drain System Facilities;
- Fiber Optic System Facilities; and
- Streets and Traffic Circulation System Facilities.

The Parkside/La Avenida project addresses the residential development of approximately 50.84 gross acres that consists of three special tax zones: Zone 1 - Woodside Homes; Zone 2 - The New Home Company; and Zone 3 - PA27/Lennar Homes. Location of the project areas are: Zone 1- Woodside Homes south of Schaefer Avenue, generally east of Archibald Avenue, west of Turner Avenue and north of La Avenida Drive; Zone 2 - New Home Company generally south of Edison Avenue, east of Cucamonga Creek Channel, west of Archibald Avenue, and north of Eucalyptus

Avenue; and Zone 3 - PA27/Lennar Homes south of Merrill Avenue generally west of Haven Avenue, generally east of Archibald Avenue and north of the County Line Channel**.** At build out, the project is projected to include 482 residential units: Zone 1- 106 detached-condo units; Zone 2 - 303 detached-condo units; and Zone 3 - 52 detached-condo units, and 21 attached units.

The proposed Resolutions references several bond documents and other matters related to the proposed issuance of bonds by City of Ontario Community Facilities District No. 56 (Parkside/La Avenida). The documents are listed below and are on file with the Records Management Department:

- Indenture;
- Bond Purchase Agreement;
- First Amendment to Acquisition and Funding Agreement;
- Continuing Disclosure Agreement; and
- Preliminary Official Statement.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) SPECIAL TAX BONDS, SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $21,000,000, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND A FIRST AMENDMENT TO ACQUISITION AND FUNDING AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City") has formed City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District") under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act"); and

WHEREAS, the Community Facilities District is authorized under the Act to levy a special tax (the "Special Tax") to pay for the costs of certain public facilities (the "Facilities") and to issue bonds payable from the Special Tax; and

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District proposes to issue its City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Series 2023 Bonds"), in the aggregate principal amount of not to exceed $21,000,000; and

WHEREAS, in order to provide for the authentication and delivery of the Series 2023 Bonds, to establish and declare the terms and conditions upon which the Series 2023 Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District proposes to enter into an Indenture with Zions Bancorporation, National Association, as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture"); and

WHEREAS, Samuel A. Ramirez & Co., Inc. (the "Underwriter"), has presented the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to purchase the Series 2023 Bonds from the Community Facilities District (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Agreement"); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2023 Bonds, the underwriter thereof must have reasonably determined that the Community Facilities District, as the issuer of the Series 2023 Bonds, has undertaken in a written agreement or contract for the benefit of the holders of the Series 2023 Bonds to provide disclosure of certain financial information and certain listed events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the Community Facilities District desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement"); and

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Series 2023 Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement"); and

WHEREAS, the City and SC Ontario Development Company, LLC (the "Developer") previously entered into the Acquisition and Funding Agreement, dated as of December 1, 2021 (the "Original Acquisition Agreement"), pursuant to which, in accordance with the terms set forth therein, the Developer is to construct or cause to be constructed certain of the Facilities that, upon satisfaction of the conditions specified therein, the City is to acquire and take title to, and the Developer is to be paid the purchase price of, determined as set forth therein, which purchase price is to be paid from the proceeds of the special tax or bonds of the Community Facilities District; and

WHEREAS, the Original Acquisition Agreement provides that the Original Acquisition Agreement may be amended by an instrument in writing executed and delivered by the City and the Developer; and

WHEREAS, the City and the Developer desire to amend the Original Acquisition Agreement in order to amend the Acquisition Cost (as defined in the Original Acquisition Agreement) of certain of the segments of the Facilities set forth in the Original Acquisition Agreement; and

WHEREAS, there has been presented to this meeting a form of a First Amendment to Acquisition and Funding Agreement that so amends the Original Acquisition Agreement (such First Amendment to Acquisition and Funding Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "First Amendment"); and

WHEREAS, there have been prepared and submitted to this meeting forms of:

(a) the Indenture;
(b) the Purchase Agreement;
(c) the Continuing Disclosure Agreement;

(d) the Preliminary Official Statement; and
(e) The First Amendment;

WHEREAS, Kitty Siino & Associates, Inc. has prepared and provided to the Community Facilities District an appraisal report, dated October 4, 2023 (the "Appraisal"), providing an opinion of value of the property in the Community Facilities District, which has been submitted to this meeting; and

WHEREAS, Section 5852.1 of the California Government Code requires that the City Council obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Series 2023 Bonds, good faith estimates of (a) the true interest cost of the Series 2023 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Series 2023 Bonds, (c) the amount of proceeds of the Series 2023 Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Series 2023 Bonds, and (d) the sum total of all debt service payments on the Series 2023 Bonds calculated to the final maturity of the Series 2023 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Series 2023 Bonds; and

WHEREAS, in compliance with Section 5852.1 of the California Government Code, the City Council has obtained from CSG Advisors Incorporated, as the Community Facilities District's municipal advisor (the "Municipal Advisor,"), the required good faith estimates, which the Municipal Advisor has prepared in consultation with the Underwriter, and such estimates are disclosed and set forth in Exhibit A attached hereto; and

WHEREAS, the Community Facilities District desires to proceed to issue and sell the Series 2023 Bonds and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Series 2023 Bonds; and

WHEREAS, the City Council is the legislative body of the Community Facilities District;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. Subject to the provisions of Section 3 hereof, the issuance of the Series 2023 Bonds, in an aggregate principal amount of not to exceed $21,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, be and the same is hereby authorized and approved. The Series 2023 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

SECTION 3. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Mayor of the City, and such other member of the City Council as the Mayor may designate, the City Manager of the City, the Assistant City Manager of the City, the Executive Director of Finance of the City, the Deputy City Treasurer of the City, and such other officer or employee of the City as the City Manager may designate (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Series 2023 Bonds in excess of $21,000,000, shall not result in a final maturity date of the Series 2023 Bonds later than September 1, 2055, and shall not result in a true interest cost for the Series 2023 Bonds in excess of 7.00%.

SECTION 4. The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2023 Bonds in excess of 1.50% of the aggregate principal amount of the Series 2023 Bonds. The City Council hereby finds and determines that the sale of the Series 2023 Bonds at negotiated sale as contemplated by the Purchase Agreement will result in a lower overall cost.

SECTION 5. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

SECTION 6. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2023 Bonds is hereby authorized and approved. Each of the Authorized Officers is hereby authorized, and any

one of the Authorized Officers is hereby directed, to certify on behalf of the Community Facilities District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

SECTION 7. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Series 2023 Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute the final Official Statement and any amendment or supplement thereto.

SECTION 8. The First Amendment, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the City, to execute and deliver the First Amendment in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the First Amendment by such Authorized Officer.

SECTION 9. Based upon the value of the property within the Community Facilities District reported in the Appraisal and the value-to-lien information for such property set forth in the Preliminary Official Statement, the City Council, for purposes of Section 53345.8 of the Act, hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Series 2023 Bonds will be at least three times the principal amount of the Series 2023 Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District.

SECTION 10. If and to the extent that any feature or aspect of the Series 2023 Bond structure, the rate and method of apportionment of the Special Tax, the method of financing the Facilities, the appraisal, the absorption study or other components of the Series 2023 Bond issue approved and authorized hereby is inconsistent or in conflict with any requirement, standard, measure or procedure set forth in the City's Mello-Roos Community Facilities Act of 1982 Local Goals and Policies, such requirement, standard, measure or procedure is, to the extent necessary to eliminate such inconsistency or conflict, hereby waived, and the City Council hereby finds and determines that benefit inures to the ultimate property owners, the Community Facilities District and/or the City as a result of such waiver.

SECTION 11. The City Council hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 12. All actions heretofore taken by the officers, employees and agents of the City with respect to the issuance and sale of the Series 2023 Bonds, or in connection with or related to any of the agreements, documents, certificates or instruments referred to herein, are hereby approved, confirmed and ratified.

SECTION 13. The Authorized Officers and the officers, employees and agents of the City are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District to take all actions and do any and all things and to execute and deliver any and all agreements, documents, certificates or instruments that they, or any of them, may deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution not inconsistent with the provisions hereof.

SECTION 14. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 7th day of November 2023.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2023- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held November 7, 2023 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2023- duly passed and adopted by the Ontario City Council at their regular meeting held November 7, 2023.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Series 2023 Bonds in accordance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the Community Facilities District by the Municipal Advisor, which the Municipal Advisor has prepared in consultation with Samuel A. Ramirez & Co., Inc., the Underwriter.

Principal Amount. The Municipal Advisor has informed the Community Facilities District that, based on the Community Facilities District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2023 Bonds to be issued and sold is $19,435,000 (the "Estimated Principal Amount"), which does not include approximately $277,000 of net original issue discount estimated to be generated based on current market conditions. Net original issue discount is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is lower than the face value of such bonds. Such Estimated Principal Amount and such estimated net original issue discount amount would produce approximately $19,158,000 of gross proceeds.

True Interest Cost of the Series 2023 Bonds. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2023 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Series 2023 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2023 Bonds, is 5.71%.

Finance Charge of the Series 2023 Bonds. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2023 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Series 2023 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2023 Bonds), is $591,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2023 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Community Facilities District for sale of the Series 2023 Bonds, less the finance charge of the Series 2023 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2023 Bonds, is $17,254,000.

Total Payment Amount. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2023 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which

means the sum total of all payments the Community Facilities District will make to pay debt service on the Series 2023 Bonds, plus the finance charge for the Series 2023 Bonds, as described above, not paid with the proceeds of the Series 2023 Bonds, calculated to the final maturity of the Series 2023 Bonds, is $40,321,000, which excludes any reserves (or interest accrued thereon) or capitalized interest funded or paid with proceeds of the Series 2023 Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Series 2023 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2023 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Series 2023 Bonds issued and sold being different from the Estimated Principal Amount, (c) the actual amortization of the Series 2023 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2023 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Community Facilities District's financing plan, or a combination of such factors. The actual date of sale of the Series 2023 Bonds and the actual principal amount of Series 2023 Bonds issued and sold will be determined by the Community Facilities District based on the timing of the need for proceeds of the Series 2023 Bonds and other factors. The actual interest rates borne by the Series 2023 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2023 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Community Facilities District.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DECLARATION OF OFFICIAL INTENT TO REIMBURSE FACILITIES EXPENDITURES WITH BOND PROCEEDS AND RELATED ACTIONS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City") has formed City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District") under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act"); and

WHEREAS, the Community Facilities District is authorized under the Act to levy a special tax (the "Special Tax") to pay for the costs of certain public facilities (the "Facilities") and to issue bonds payable from the Special Tax; and

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District proposes to issue its City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Series 2023 Bonds"); and

WHEREAS, beginning the 60-day period prior to the date hereof, the City has paid or incurred, or expects to pay or incur, costs with respect to the Facilities prior to the issuance of the Series 2023 Bonds in order to finance the Facilities; and

WHEREAS, the City also may pay or incur certain 'preliminary expenditures' in connection with the Facilities, which term includes architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction; and

WHEREAS, in order to reimburse itself for the payment, or pay unpaid costs, of the Facilities, the City anticipates it will issue Series 2023 Bonds in an amount not expected to exceed $21,000,000 for the purpose of financing costs of the Facilities; and

WHEREAS, proceeds of the Series 2023 Bonds will be allocated to reimbursement expenditures no later than 18 months after the later of (i) the date the cost is paid, or (ii) the date the Facilities (or each component thereof) is placed in service or abandoned (but in no event more than three years after the cost is paid); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the City to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of indebtedness; and

WHEREAS, the City wishes to declare its official intent to use proceeds of indebtedness (such as the Series 2023 Bonds) to reimburse expenditures of the Facilities paid before its obligations are issued and to finance the Facilities costs on a long-term basis with the proceeds of such indebtedness.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. This Resolution is adopted by the City Council solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. Unless otherwise defined, terms used herein shall have the meaning set forth in the Internal Revenue Code of 1986 and in Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the City to make any expenditure, incur any indebtedness, or proceed with construction of the Facilities.

SECTION 3. All actions heretofore taken by the officers, employees and agents of the City with respect to the actions set forth above are hereby approved, confirmed and ratified.

SECTION 4. The officers, employees and agents of the City are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District to take all actions and do any and all things that they, or any of them, may deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution not inconsistent with the provisions hereof.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 7th day of November 2023.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2023- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held November 7, 2023 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2023- duly passed and adopted by the Ontario City Council at their regular meeting held November 7, 2023.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

INDENTURE

by and between

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
AS TRUSTEE

Dated as of _____ 1, 2023

Relating to
City of Ontario
Community Facilities District No. 56
(Parkside/La Avenida)
Special Tax Bonds

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INDENTURE

THIS INDENTURE (this "Indenture"), dated as of _____ 1, 2023, is by and between CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA), a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the City Council of the City of Ontario has formed the Community Facilities District under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act");

WHEREAS, the Community Facilities District is authorized under the Act to levy a special tax (the "Special Tax") to pay for the costs of certain public facilities (the "Facilities") and to issue bonds payable from the Special Tax;

WHEREAS, in order to provide funds to finance a portion of the Facilities, the Community Facilities District desires to provide for the issuance of its City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Series 2023 Bonds"), in the aggregate principal amount of not to exceed $_____;

WHEREAS, the Community Facilities District desires to provide for the issuance of additional bonds (the "Additional Bonds") payable from the Special Tax on a parity with the Series 2023 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2023 Bonds and any such Additional Bonds being collectively referred to as the "Bonds");

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District has authorized the execution and delivery of this Indenture; and

WHEREAS, the Community Facilities District has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Community Facilities District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special, limited obligations of the Community Facilities District, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby

acknowledged, the Community Facilities District does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

"Accounts" means the accounts from time to time established pursuant to this Indenture in any of the Funds established and maintained by the Trustee pursuant hereto.

"Act" means the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code.

"Additional Bonds" means Bonds other than Series 2023 Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06.

"Administrative Expense Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.07.

"Administrative Expenses" means any reasonably necessary or appropriate expenses incurred in the administration of the Community Facilities District and the Bonds, including (a) the administrative and legal costs of levying and collecting the Special Tax (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnifications due the Trustee, (c) the costs incurred with on-going disclosure in connection with the Bonds, (d) the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (e) the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (f) an allocable share of the salaries of the City staff providing services on behalf of the Community Facilities District directly related to the foregoing and an allocable share of City general administrative overhead related thereto.

"Affiliate" of another Person means (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as trustee, guardian, or other fiduciary, 50% or more of any class of equity securities of such other Person, and (b) each Person that controls, is controlled by or is under common control with or by such Person or any Affiliate of such Person. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

"Appraised Value" means the value of all or any portion of the Taxable Property, as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

"Assessed Value" means, with respect to all or any portion of the Taxable Property, as of any date, the assessed value thereof, as such value is shown on the most recently equalized assessment roll.

"Assigned Special Tax" has the meaning ascribed to the term "Assigned Special Tax A" in the Rate and Method.

"Authorized Denominations" means (a) with respect to the Series 2023 Bonds, $5,000 and any integral multiple thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

"Authorized Representative" means, with respect to the Community Facilities District, the Mayor of the City, the City Manager of the City, the Assistant City Manager of the City, the Executive Director of Finance of the City and the Deputy City Treasurer of the City, and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District submitted to the Trustee.

"Available Special Tax" means, for any Fiscal Year, the sum of (a) the amount of the Assigned Special Tax that may be levied for such Fiscal Year, pursuant to the Rate and Method and the Act, on all Developed Property, plus (b) the amount of the Maximum Special Tax that may be levied for such Fiscal Year, pursuant to the Rate and Method and the Act, on all Taxable Property that is not Developed Property, less (c) the Projected Administrative Expenses for such Fiscal Year.

"Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Beneficial Owners" means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Counsel" means a firm of nationally recognized bond counsel selected by the Community Facilities District.

"Bond Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.03.

"Bond Year" means the twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

"Bonds" means the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds issued hereunder, and includes the Series 2023 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

"Business Day" means a day that is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

"Circulation System Facility" has the meaning ascribed to the term "Circulation System Segment" in the NMC Acquisition Agreement.

"City" means the City of Ontario, a general law city organized and existing under the laws of the State, and its successors.

"City Council" means the City Council of the City.

"City Facilities Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"City Park Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"Closing Date" means the date upon which the Series 2023 Bonds are delivered to the Original Purchaser, being _____, 2023.

"Code" means the Internal Revenue Code of 1986.

"Community Facilities District" means City of Ontario Community Facilities District No. 56 (Parkside/La Avenida), a community facilities district organized and existing under the laws of the State, and its successors.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of _____ 1, 2023, by and between the Community Facilities District and Zions Bancorporation, National Association, as Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Corresponding Bond Year" means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of the Bonds, including printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee, fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, any premium for a bond insurance policy securing payment of the Bonds, any premium for a reserve facility and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the Fund by that name established and held by the Trustee pursuant to Section 3.03.

"County" means the County of San Bernardino, a county and political subdivision of the State organized and existing under the laws of the State, and any successor thereto.

"County Assessor" means the Assessor of the County.

"County Auditor" means the Auditor-Controller of the County.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Depository" means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.07.

"Developed Property" has the meaning ascribed to such term in the Rate and Method.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

"Electronic Means" means e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Event of Default" means any event specified in Section 7.01.

"Facilities" means the facilities authorized to be financed by the Community Facilities District, as described in the Resolution of Formation.

"Final Mapped Property" has the meaning ascribed to such term in the Rate and Method.

"Final Mapped/Undeveloped Property" means, for any Fiscal Year, collectively, all parcels that are Final Mapped Property for such Fiscal Year and all parcels that are Undeveloped Property for such Fiscal Year.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Community Facilities District.

"Funds" means the separate funds from time to time established and maintained by the Trustee pursuant hereto.

"Improvement Fund" means the Fund by that name established and held by the Trustee pursuant to Section 3.04.

"Indenture" means this Indenture, dated as of _____ 1, 2023, by and between the Community Facilities District and Zions Bancorporation, National Association, as Trustee, as originally executed and as it may be modified or amended from time to time by any Supplemental Indenture.

"Independent Consultant" means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Community Facilities District, the City, NMC Builders, SC Ontario or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect (i) with or in the Community Facilities District, the City, NMC Builders, SC Ontario or any Affiliate thereof, (ii) with or in any owner of real property in the Community Facilities District, or (iii) in any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District, the City, NMC Builders, SC Ontario or any Affiliate thereof as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the City.

"Interest Account" means the Account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing _____ 1, 20__.

"Letter of Representations" means the Letter of Representations from the Community Facilities District to the Depository, in which the Community Facilities District makes certain representations with respect to issues of its securities for deposit by the Depository.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

"Maximum Special Tax" has the meaning ascribed to the term "Maximum Special Tax A" in the Rate and Method.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

"Net Special Tax Revenues" means Special Tax Revenues, less amounts required to pay Administrative Expenses.

"NMC Acquisition Agreement" means the Amended and Restated Acquisition and Funding Agreement, dated as of November 1, 2022, by and between the City and NMC Builders, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"NMC Builders" means NMC Builders, LLC, a limited liability company organized and existing under the laws of the State of California, and any successor thereto.

"NMC Facilities" has the meaning ascribed to the term "Facilities" in the NMC Acquisition Agreement.

"NMC Payment Request" has the meaning ascribed to the term "Payment Request" in the NMC Acquisition Agreement.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Community Facilities District by the Trustee in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Community Facilities District by the Trustee in writing.

"Ordinance" means any ordinance adopted by the City Council levying the Special Tax.

"Original Purchaser" means the original purchaser of the Series 2023 Bonds from the Community Facilities District.

"Other CFD Bonds" means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, then outstanding issued under the Act and payable, solely or partly, from special taxes to be levied pursuant to the Act on parcels of Taxable Property.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 11.07, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with Section 10.01, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to Section 2.08.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity that is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed to such term in the Continuing Disclosure Agreement.

"Permitted Investments" is defined in Exhibit A hereto.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the Account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

"Projected Administrative Expenses" means (a) for the then current Fiscal Year, 102% of the actual Administrative Expenses for the immediately preceding Fiscal Year, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including the July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such subsequent Fiscal Year, by 2% of the amount in effect for the previous Fiscal Year.

"Qualified Appraisal Report" means a real estate appraisal report that (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of this Indenture, (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, and (d) is prepared in accordance with the applicable guidelines of the California Debt and Investment Advisory Commission for such reports, as such guidelines are in effect on the Closing Date.

"Qualified Appraiser" means a real estate appraiser selected by the Community Facilities District and having an "MAI" designation from the Appraisal Institute.

"Rate and Method" means the rate and method of apportionment of the Special Tax approved by the qualified electors of the Community Facilities District.

"Rebate Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.06.

"Rebate Requirement" has the meaning ascribed to such term in the Tax Certificate.

"Record Date" means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.05.

"Redemption Price" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

"Reserve Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.04.

"Reserve Requirement" means, as of the date of any calculation, the least of (a) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, with respect to the Bonds (excluding from such calculation Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

"Resolution of Formation" means Resolution No. 2021-188, adopted by the City Council on December 21, 2021, as originally adopted and as it may be amended, supplemented or otherwise modified from time to time.

"S&P" means S&P Global Ratings, a business unit of Standard and Poor's Financial Services, LLC, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

"SC Ontario" means SC Ontario Development Company, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and any successor thereto.

"SC Ontario Acquisition Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"SC Ontario Acquisition Agreement" means the Acquisition and Funding Agreement, dated as of December 1, 2021, by and between the City and SC Ontario, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SC Ontario Facilities" has the meaning ascribed to the term "Facilities" in the SC Ontario Acquisition Agreement.

"SC Ontario Payment Request" has the meaning ascribed to the term "Payment Request" in the SC Ontario Acquisition Agreement.

"Series" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and designated pursuant to this Indenture as the Series 2023 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2023 Bonds" means the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023, issued hereunder.

"Services" has the meaning ascribed to such term in the Rate and Method.

"Special Tax" means the special tax described and defined in the Rate and Method as "Special Tax A" approved by the qualified electors to be levied within the Community Facilities District pursuant to the Act and the Rate and Method.

"Special Tax Fund" means the Fund by that name established and held by the Trustee pursuant to Section 5.02.

"Special Tax Revenues" means the proceeds of the Special Tax received by or on behalf of the Community Facilities District, other than proceeds of the Special Tax levied to pay the costs of Services received by or on behalf of the Community Facilities District, including any prepayments 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 Tax, which shall be limited to the amount of said lien and interest and penalties thereon.

"State" means the State of California.

"Supplemental Indenture" means any supplemental indenture modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2023 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Tax Zone 1 NMC Acquisition Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"Tax Zone 2 NMC Acquisition Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"Tax Zone 3 NMC Acquisition Account" means the Account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

"Taxable Property" has the meaning ascribed to such term in the Rate and Method.

"Trustee" means Zions Bancorporation, National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place as provided herein.

"Undeveloped Property" has the meaning ascribed to such term in the Rate and Method.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to clause (ii) of Section 10.02(a), a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of Section 10.02(a).

"Written Certificate" and **"Written Request"** of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated "Articles," "Sections," "Exhibits," "subsections," "paragraphs," "clauses," and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Indenture.

(h) The words "hereof" (except when preceded by a specific Section or Article reference) "herein," "hereby," "hereunder," "hereinabove," "hereinafter," and other equivalent words and phrases used herein refer to this Indenture and not solely to the particular portion hereof in which any such word is used.

(i) Any reference to a Person, or a Person in a specified capacity, shall be construed to include such Person's successors or such Person's successors in such capacity, as the case may be.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Community Facilities District, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds that may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Community Facilities District shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds; Special, Limited Obligations. (a) The Community Facilities District hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

(b) The Bonds shall be special, limited obligations of the Community Facilities District, payable, as provided herein, solely from Net Special Tax Revenues and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth herein), the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 2.02. Terms of Series 2023 Bonds. (a) The Series 2023 Bonds shall be designated "City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023." The aggregate principal amount of Series 2023 Bonds that may be issued and Outstanding under this Indenture shall not exceed $_____, except as may be otherwise provided in Section 2.08.

(b) The Series 2023 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2023 Bond shall have more than one maturity date. The Series 2023 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of $_____, shall mature on September 1 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

Maturity Date (September 1)	Principal Amount	Interest Rate
	$	%

Maturity Date (September 1)	Principal Amount	Interest Rate

(c) Interest on the Series 2023 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2023 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Series 2023 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2023 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2023 Bonds shall be in substantially the form set forth in Exhibit B hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Community Facilities District with the manual or facsimile signature of the Mayor of the City attested by the manual or facsimile signature of the City Clerk of the City. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Community Facilities District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Community Facilities District as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Community Facilities District by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

Section 2.04. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto for the Series 2023 Bonds, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District. Upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds.

Section 2.06. Transfer and Exchange of Bonds. (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.07. Book-Entry System. (a) Prior to the issuance of a Series of Bonds, the Community Facilities District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2023 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address that is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Community Facilities District and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Community Facilities District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Community Facilities District and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Community Facilities District and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Community Facilities District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Community Facilities District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way

impose upon the Community Facilities District or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Community Facilities District, the Community Facilities District and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Community Facilities District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Community Facilities District shall discontinue the Book-Entry system with the Depository. If the Community Facilities District determines to replace the Depository with another qualified securities depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Community Facilities District fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09. Whenever the Depository requests the Community Facilities District to do so, the Community Facilities District shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Community Facilities District or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Community Facilities District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Community Facilities District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity reasonably satisfactory to the Trustee shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Community Facilities District may require payment by the Owner of a sum not exceeding the actual cost of preparing the replacement Bond delivered thereto under this Section and the expenses incurred by the Community Facilities District and the Trustee in connection therewith. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Community Facilities District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.09. Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Community Facilities District, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

ARTICLE III

ISSUANCE OF SERIES 2023 BONDS; APPLICATION OF PROCEEDS; ADDITIONAL BONDS

Section 3.01. Issuance of Series 2023 Bonds. The Community Facilities District may at any time execute the Series 2023 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2023 Bonds and deliver the Series 2023 Bonds to the Original Purchaser upon receipt of a Written Request of the Community Facilities District and upon receipt of the purchase price therefor.

Section 3.02. Application of Proceeds. (a) On the Closing Date, the proceeds of the sale of the Series 2023 Bonds received by the Trustee, $_____, shall be deposited by the Trustee as follows:

(i) the Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund;

(ii) the Trustee shall deposit the amount of $_____ in the Reserve Fund, which is equal to the Reserve Requirement;

(iii) the Trustee shall deposit the amount of $_____ in the SC Ontario Acquisition Account;

(iv) the Trustee shall deposit the amount of $_____ in the Tax Zone 1 NMC Acquisition Account;

(v) the Trustee shall deposit the amount of $_____ in the Tax Zone 2 NMC Acquisition Account;

(vi) the Trustee shall deposit the amount of $_____ in the Tax Zone 3 NMC Acquisition Account;

(vii) the Trustee shall deposit the amount of $_____ in the City Facilities Account; and

(viii) the Trustee shall deposit the amount of $_____ in the City Park Account.

(b) [On the Closing Date, the amount transferred by the Community Facilities District to the Trustee, $_____, which consists of amounts of the Special Tax collected by the Community Facilities District, shall be deposited by the Trustee as follows:

(i) the Trustee shall deposit the amount of $_____ in the Administrative Expense Fund;

(ii) the Trustee shall deposit the amount of $_____ in the Special Tax Fund; and

(iii) the Trustee shall deposit [the amount of $_____ in the Tax Zone 1 NMC Acquisition Account, the amount of $_____ in the Tax Zone 2 NMC Acquisition Account and the amount of $_____ in the Tax Zone 3 NMC Acquisition Account.]

Section 3.03. Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02. There shall additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that payment of such amount has not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the [City Facilities Account] and, upon making such transfer, the Costs of Issuance Fund shall be closed.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 3.04. Improvement Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee shall establish and maintain a separate Account designated the "SC Ontario Acquisition Account," a separate Account designated the "Tax Zone 1 NMC Acquisition Account," a separate Account designated the "Tax Zone 2 NMC Acquisition Account," a separate Account designated the "Tax Zone 3 NMC Acquisition Account," a separate Account designated the "City Facilities Account," and a separate Account designated the "City Park Account." On the Closing Date, the Trustee shall deposit in each of the Accounts within the Improvement Fund the amount required to be deposited therein pursuant to Section 3.02. There shall additionally be deposited in each of the Accounts within the Improvement Fund (i) the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued, and (ii) amounts received by the Trustee when accompanied by a Written Request of the Community Facilities District that such amounts are to be deposited in such Account, which amounts may include Special Tax Revenues collected and received by the Community Facilities District prior to the Closing Date.

(b) The moneys in the SC Ontario Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the SC Ontario Facilities upon submission of

a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the SC Ontario Facilities and is a proper charge against the SC Ontario Acquisition Account, (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, and (vi) whether or not such costs of the SC Ontario Facilities are to be paid pursuant to a SC Ontario Payment Request submitted in accordance with the SC Ontario Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the SC Ontario Facilities are to be paid pursuant to a SC Ontario Payment Request submitted in accordance with the SC Ontario Acquisition Agreement, a duplicate original of the signed and approved SC Ontario Payment Request relating to such costs of the SC Ontario Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the SC Ontario Facilities to be financed from the SC Ontario Acquisition Account has been completed and that all costs of such SC Ontario Facilities have been paid, or (ii) that such portion of the SC Ontario Facilities has been substantially completed and that all remaining costs of such portion of the SC Ontario Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall transfer all of the amount remaining in the SC Ontario Acquisition Account (less any such retention) to the Tax Zone 2 NMC Acquisition Account.

(c) The moneys in the Tax Zone 1 NMC Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the NMC Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the NMC Facilities and is a proper charge against the Tax Zone 1 NMC Acquisition Account, (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, and (vi) whether or not such costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, a duplicate original of the signed and approved NMC Payment Request relating to such costs of the NMC Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay costs of the NMC Facilities, there are insufficient moneys in the Tax Zone 1 NMC Acquisition Account to pay such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 1 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 1 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when amounts become available in the Tax Zone 1 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 1 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 1 NMC Acquisition Account to pay all or a portion of such costs, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 1 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall pay from the Tax Zone 1 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay 85% of the costs of a Circulation System Facility, there are insufficient moneys in the Tax Zone 1 NMC Acquisition Account to pay such portion of such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 1 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 1 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when amounts become available in the Tax Zone 1 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 1 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 1 NMC Acquisition Account to pay all or a portion of such costs, and which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 1 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities

District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, and which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall pay from the Tax Zone 1 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the NMC Facilities to be financed from the Tax Zone 1 NMC Acquisition Account has been completed and that all costs of such NMC Facilities have been paid, or (ii) that such portion of the NMC Facilities has been substantially completed and that all remaining costs of such portion of the NMC Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Tax Zone 1 NMC Acquisition Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds as directed by the Community Facilities District, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Tax Zone 1 NMC Acquisition Account (less any such retention) to the Interest Account, to be applied to the payment of interest on the Bonds.

(d) The moneys in the Tax Zone 2 NMC Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the NMC Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the NMC Facilities and is a proper charge against the Tax Zone 2 NMC Acquisition Account, (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, and (vi) whether or not such costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, a duplicate original of the signed and approved NMC Payment Request relating to such costs of the NMC Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay costs of the NMC Facilities, there are insufficient moneys in the Tax Zone 2 NMC Acquisition Account to pay such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 2 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 2 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the

amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, the Trustee shall, as and when amounts become available in the Tax Zone 2 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 2 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 2 NMC Acquisition Account to pay all or a portion of such costs, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 2 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, the Trustee shall pay from the Tax Zone 2 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay 85% of the costs of a Circulation System Facility, there are insufficient moneys in the Tax Zone 2 NMC Acquisition Account to pay such portion of such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 2 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 2 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, the Trustee shall, as and when amounts become available in the Tax Zone 2 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 2 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 2 NMC Acquisition Account to pay all or a portion of such costs, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 2 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, the Trustee shall pay from the Tax Zone 2 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the NMC Facilities to be financed from the Tax Zone 2 NMC Acquisition

Account has been completed and that all costs of such NMC Facilities have been paid, or (ii) that such portion of the NMC Facilities has been substantially completed and that all remaining costs of such portion of the NMC Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Tax Zone 2 NMC Acquisition Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds as directed by the Community Facilities District, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Tax Zone 2 NMC Acquisition Account (less any such retention) to the Interest Account, to be applied to the payment of interest on the Bonds.

(e) The moneys in the Tax Zone 3 NMC Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the NMC Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the NMC Facilities and is a proper charge against the Tax Zone 3 NMC Acquisition Account, (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, and (vi) whether or not such costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the NMC Facilities are to be paid pursuant to a NMC Payment Request submitted in accordance with the NMC Acquisition Agreement, a duplicate original of the signed and approved NMC Payment Request relating to such costs of the NMC Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay costs of the NMC Facilities, there are insufficient moneys in the Tax Zone 3 NMC Acquisition Account to pay such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 3 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 3 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when amounts become available in the Tax Zone 3 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 3 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that the costs of the NMC Facilities to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 3 NMC Acquisition Account to pay all or a

portion of such costs, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 3 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall pay from the Tax Zone 3 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

If, on the date the Community Facilities District submits to the Trustee a Written Request of the Community Facilities District to pay 85% of the costs of a Circulation System Facility, there are insufficient moneys in the Tax Zone 3 NMC Acquisition Account to pay such portion of such costs in full, the amount remaining unpaid shall be paid as and to the extent that moneys are subsequently deposited in the Tax Zone 3 NMC Acquisition Account, but only after the payment in full of all amounts that the Community Facilities District, by a Written Request of the Community Facilities District, previously directed the Trustee to pay from the Tax Zone 3 NMC Acquisition Account.

If the NMC Payment Request submitted to the Trustee pursuant to this subsection requests that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, set forth in the completed Purchase Price Payment Instructions attached to such NMC Payment Request as Attachment B, which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when amounts become available in the Tax Zone 3 NMC Acquisition Account to pay all or a portion of such costs, pay from the Tax Zone 3 NMC Acquisition Account such costs or portion thereof to such Person or Persons. If the NMC Payment Request submitted to the Trustee pursuant to this subsection indicates that 85% of the costs of a Circulation System Facility to be paid thereunder be paid to the Person or Persons, in the amounts, to be set forth in Purchase Price Payment Instructions to be submitted to the Trustee as and when amounts become available in the Tax Zone 3 NMC Acquisition Account to pay all or a portion of such costs, and which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall, as and when such amounts become available, notify NMC Builders in writing of (i) the number or other designation of the NMC Payment Request pursuant to which such payment of such costs is requested to be made, (ii) the amount available in the Tax Zone 3 NMC Acquisition Account to pay such costs or portion thereof, and (iii) the name of the Community Facilities District, and, upon submission to the Trustee by NMC Builders of completed and signed Purchase Price Payment Instructions in the form attached to such NMC Payment Request as Attachment B, and which Purchase Price Payment Instructions specify that such Purchase Price Payment Instructions relate to Tax Zone 1, the Trustee shall pay from the Tax Zone 3 NMC Acquisition Account such costs or portion thereof to the Person or Persons, in the amounts, set forth in such Purchase Price Payment Instructions.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the NMC Facilities to be financed from the Tax Zone 3 NMC Acquisition Account has been completed and that all costs of such NMC Facilities have been paid, or (ii) that such portion of the NMC Facilities has been substantially completed and that all remaining costs of

such portion of the NMC Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Tax Zone 3 NMC Acquisition Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds as directed by the Community Facilities District, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Tax Zone 3 NMC Acquisition Account (less any such retention) to the Interest Account, to be applied to the payment of interest on the Bonds.

(f) The moneys in the City Facilities Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the Facilities and is a proper charge against the City Facilities Account, and (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, in each case together with a statement or invoice for each amount requested thereunder.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the Facilities to be financed from the City Facilities Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the City Facilities Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds as directed by the Community Facilities District, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the City Facilities Account (less any such retention) to the Interest Account, to be applied to the payment of interest on the Bonds.

(g) The moneys in the City Park Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred, (iv) that such payment is for costs of the Facilities and is a proper charge against the City Park Account, and (v) that payment of such costs has not been the subject of a prior disbursement from any of the Accounts within the Improvement Fund, in each case together with a statement or invoice for each amount requested thereunder.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the Facilities to be financed from the City Park Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the City Park Account (less any such retention) is equal to or greater than $25,000,

transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds as directed by the Community Facilities District, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the City Park Account (less any such retention) to the Interest Account, to be applied to the payment of interest on the Bonds.

Section 3.05. Conditions for the Issuance of Additional Bonds. The Community Facilities District may at any time issue one or more Series of Additional Bonds payable from Net Special Tax Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing hereunder;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to this Indenture and the Act and shall have been provided for by a Supplemental Indenture, which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to pay costs of the Facilities, (B) providing funds to refund any Bonds previously issued hereunder, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (viii) below;

(ii) the designation of such Series of Additional Bonds, the aggregate principal amount of the Additional Bonds of such Series, and the principal amount of, and the interest rate to be borne by, each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the Authorized Denominations of such Additional Bonds;

(vi) the redemption premiums and terms, if any, for such Additional Bonds;

(vii) the form of such Additional Bonds;

(viii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement; and

(ix) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(c) The Community Facilities District shall have received a certificate from one or more Independent Consultants that, taken together, certify that:

(i) on the basis of the parcels of land and improvements existing in the Community Facilities District as of the January 1 preceding the proposed issuance of such Additional Bonds, from and after the date of issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding the amount of the Available Special Tax that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; provided, however, that there shall be excluded from such calculation any Available Special Tax levied or that may be levied on any parcel of Taxable Property that, as of the date of such certificate, is in default in the payment of any Special Tax levied thereon;

(ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least seven times the sum of (I) the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available; and

(iii) the sum of (A) the Assessed Value of parcels of Final Mapped/Undeveloped Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Final Mapped/Undeveloped Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least four times the sum of (I) a portion of the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, which portion shall be equal to the aggregate principal amount of such Outstanding Bonds multiplied by a fraction, the numerator of which is the amount of the Special Tax levied for such Outstanding Bonds on parcels of Final Mapped/Undeveloped Property, and the denominator of which is the total amount of the Special Tax levied for such Outstanding Bonds on all parcels of land (such fraction to be determined based upon the Maximum Special Tax that could be levied in the year in which Maximum Annual Debt Service on such Outstanding Bonds occurs), plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Final Mapped/Undeveloped Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Final Mapped/Undeveloped Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

Notwithstanding the foregoing, if (i) such Additional Bonds are being issued to refund previously issued Bonds, and (ii) the Community Facilities District shall have received a certificate from an Independent Consultant certifying that Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds, the receipt of the certificate described in paragraph (c), above, shall not be a condition precedent to the issuance of such Additional Bonds.

Nothing contained herein shall limit the issuance of any special tax bonds payable from the Special Tax if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.06. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Community Facilities District for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

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

(b) a Written Request of the Community Facilities District as to the delivery of such Additional Bonds;

(c) a Written Certificate of the Community Facilities District stating that the conditions precedent to the issuance of such Additional Bonds specified in Section 3.05 have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) this Indenture, as modified and amended by all Supplemental Indentures theretofore, or thereupon being, entered into has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Community Facilities District, (ii) such Additional Bonds constitute valid and binding special, limited obligations of the Community Facilities District, and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 3.07. Additional Bonds. The Community Facilities District shall not incur any obligations payable from Net Special Tax Revenues on a parity with the Bonds, except as provided in Sections 3.05 and 3.06.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Series 2023 Bonds. (a) *Optional Redemption.* The Series 2023 Bonds maturing on and after September 1, 20__, shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__ from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

The Community Facilities District shall give the Trustee written notice of its intention to redeem Series 2023 Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee.

(b) *Mandatory Redemption from Special Tax Prepayments.* The Series 2023 Bonds shall be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of Special Tax prepayments required to be applied thereto pursuant to Section 5.02(a) and any amount required to be applied thereto pursuant to Section 5.04(c), at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

(c) *Mandatory Sinking Fund Redemption.* The Series 2023 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
	$

(Maturity)

If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2023 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2023 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

The Series 2023 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
	$

(Maturity)

If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate

amount of the Series 2023 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2023 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

Section 4.02. Notice of Redemption. The Trustee on behalf and at the expense of the Community Facilities District shall mail (by first-class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.02, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Section 4.03. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Community Facilities District, (b) with respect to any redemption pursuant to Section 4.01(b) and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a *pro rata* basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity

in any manner that the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond that may be separately redeemed.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Community Facilities District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Community Facilities District, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Section 4.05. Effect of Notice of Redemption. (a) Notice of redemption of the Bonds subject to redemption having been mailed as aforesaid, and moneys for the Redemption Price thereof, and the interest thereon to the applicable date fixed for redemption, having been set aside with the Trustee, such Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

(b) If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

(c) All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01. Pledge. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act, the Community Facilities District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Section 5.02. Special Tax Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Special Tax Fund." [On the Closing Date, the Trustee shall deposit in the Special Tax Fund the amount required to be deposited therein pursuant to Section 3.02.] As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, but in any event no later than the date ten Business Days after such receipt, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any such Special Tax Revenues that represent a Special Tax prepayment (i) said Special Tax prepayment shall be identified as such in a Written Certificate of the Community Facilities District submitted to the Trustee at the time such Special Tax prepayment is transferred to the Trustee, (ii) the portion of such Special Tax prepayment that is to be applied to the Redemption Price of the Bonds shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Redemption Fund and shall be applied to the redemption of Bonds pursuant to Section 4.01(b) and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, and (iii) the portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Interest Account and shall be applied to the payment of such interest.

(b) Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

(c) No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall withdraw from the Special Tax Fund Net Special Tax Revenues in an amount sufficient to enable the Trustee to make the following transfers in the following order of priority:

(i) *Interest Account*. To the Interest Account, the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date;

(ii) *Principal Account*. To the Principal Account, the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to the principal, if any, due on the Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds; and

(iii) *Reserve Fund*. To the Reserve Fund, the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

(d) So long as the City Facilities Account has not been closed pursuant to Section 3.04(d), on each September 2, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall transfer from the Special Tax Fund to the City Facilities Account any amount remaining in the Special Tax Fund; provided, however, that the Community Facilities District may, in a Written Request of the Community Facilities District submitted to the Trustee prior to such September 2, direct the Trustee to retain in the Special Tax Fund all or a portion of such remaining amount.

Section 5.03. Bond Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Bond Fund." Within the Bond Fund, the Trustee shall establish and maintain a separate Account designated the "Principal Account" and a separate Account designated the "Interest Account." The Trustee shall deposit in the Interest Account and the Principal Account from time to time the amounts required to be deposited therein pursuant to Section 5.02. There shall additionally be deposited in the Interest Account the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) In the event that, on the Business Day prior to an Interest Payment Date, after the deposit in the Interest Account of the amounts required to be deposited therein pursuant to Section 5.02, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable.

(d) In the event that, on the Business Day prior to a September 1 on which principal of the Bonds is due and payable, after the deposit in the Principal Account of the amounts required to be deposited therein pursuant to Section 5.02, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, amounts in the Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Reserve Fund required to be withdrawn therefrom on such date pursuant to subsection (b) of this Section, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Principal Account.

(e) On each September 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable.

Section 5.04. Reserve Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Reserve Fund." On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount specified in Section 3.02. The Trustee shall deposit in the Reserve Fund from time to time the amounts required to be deposited therein pursuant to Section 5.02(c). There shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in this Section, amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with Section 5.03(b) in the event of any deficiency in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with Section 5.03(d) in the event of any deficiency in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with the provisions of this Section.

(c) Whenever Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to Section 10.02, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay all Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

Section 5.05. Redemption Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund (i) amounts received from the Community Facilities District in connection with the Community Facilities District's exercise of its rights to optionally redeem Bonds, (ii) the portion of Special Tax prepayments required to be deposited therein pursuant to Section 5.02(a), (iii) amounts required to be transferred to the Redemption Fund from the Improvement Fund (or Accounts therein) pursuant to Section 3.04, (iv) amounts required to be transferred to the Redemption Fund from the Reserve Fund pursuant to Section 5.04(c) or Section 5.04(d), and (v) amounts required to be deposited therein pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2023 Bonds redeemed pursuant to Section 4.01(a) or Section 4.01(b) and for the payment of the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued (other than mandatory sinking fund redemptions thereof).

Section 5.06. Rebate Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate, which is hereby incorporated herein as if fully set forth herein. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

Section 5.07. Administrative Expense Fund. (a) The Trustee shall establish and maintain a separate Fund designated the "Administrative Expense Fund." [On the Closing Date, the Trustee shall deposit in the Administrative Expense Fund the amount specified in Section 3.02.] The Trustee shall deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to Section 5.02.

(b) The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be

made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (iv) that such payment is a proper charge against the Administrative Expense Fund, and (v) that payment of such amount has not been the subject of a prior disbursement from the Administrative Expense Fund, in each case together with a statement or invoice for each amount requested thereunder.

Section 5.08. Investment of Moneys. (a) Except as otherwise provided herein, all moneys in any of the Funds or Accounts established pursuant to this Indenture held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Community Facilities District received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such Funds and Accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent a timely Written Request of the Community Facilities District with respect to the investment of moneys in any of the Funds or Accounts established pursuant to this Indenture held by the Trustee, the Trustee shall invest such moneys in Permitted Investments described in paragraph (7) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Community Facilities District specifying a specific money market fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Written Request of the Community Facilities District is so received, the Trustee shall hold such moneys uninvested.

(b) Subject to the provisions of Section 5.06, all interest, profits and other income received from the investment of moneys in any Fund or Account established pursuant to this Indenture (other than the Reserve Fund) shall be retained therein. Subject to the provisions of Section 5.06, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall be transferred to the Interest Account; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any Fund or Account established under this Indenture shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account, all Permitted Investments credited to such Fund or Account shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15. In determining the market value of Permitted Investments, the Trustee may use and rely upon generally recognized pricing information services, including brokers and dealers in securities, available to it.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund or Account to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the Funds and Accounts established hereunder. The Trustee, in making or disposing of any investment permitted by this Section, may deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account but only if such dealing is not in conflict with, contrary to or in violation of any of the Trustee's fiduciary obligations as Trustee hereunder.

(e) The Community Facilities District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Community Facilities District the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Community Facilities District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Community Facilities District periodic cash transaction statements, which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01. Collection of Special Tax Revenues. (a) The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including the enforcement of delinquent Special Tax payments.

(b) Prior to August 1 of each year, the Community Facilities District shall ascertain from the County Assessor the relevant parcels on which the Special Tax is to be levied, taking into account any parcel splits during the preceding and then current year. The Community Facilities District shall effect the levy of the Special Tax each Fiscal Year in accordance with the Ordinance by each August 10, or otherwise such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Community Facilities District shall prepare or cause to be prepared, and shall transmit to the County Auditor, such data as the County Auditor requires in order to include the levy of the Special Tax on the next real property tax roll.

(c) The Community Facilities District shall fix and levy the Special Tax within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied on each parcel, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the Funds and Accounts established hereunder.

(d) The Special Tax shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners), and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Section 6.02. Foreclosure. Pursuant to Section 53356.1 of the Act, the Community Facilities District hereby covenants with and for the benefit of the Owners that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of the Special Tax levied thereon and, if such delinquencies exist, the Community Facilities District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the Special Tax or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total amount of the

Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single parcel in the Community Facilities District is delinquent in excess of $7,500 in the payment of the Special Tax, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such parcel.

Section 6.03. Compliance with Act. The Community Facilities District shall comply with all applicable provisions of the Act.

Section 6.04. Punctual Payment. The Community Facilities District shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Special Tax Revenues and other assets pledged for such payment as provided in this Indenture and received by the Community Facilities District or the Trustee.

Section 6.05. Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Community Facilities District to issue Bonds for the purpose of refunding any Outstanding Bonds in accordance with the provisions hereof, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.06. Against Encumbrances; Defense of Pledge. The Community Facilities District shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture, except as permitted hereby. The Community Facilities District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

Section 6.07. Tax Covenants. (a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2023 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2023 Bonds.

(b) In the event that at any time the Community Facilities District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the Funds or Accounts established

hereunder, the Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2023 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.08. Non-Cash Payments of Special Tax. The Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the Community Facilities District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Section 6.09. Reduction in Special Tax. The Community Facilities District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Section 6.10. Continuing Disclosure. Each of the Community Facilities District and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Community Facilities District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2023 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2023 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.11. Accounting Records. The Community Facilities District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Tax, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

Section 6.12. State Reporting. If at any time principal or interest due on any scheduled payment date for the Bonds is not paid, or if funds are withdrawn from the Reserve Fund to pay principal of or interest on the Bonds, the Trustee shall notify the Community Facilities District in writing of such failure or withdrawal, and the Community Facilities District shall notify the

California Debt and Investment Advisory Commission of such failure or withdrawal within ten days of the failure to make such payment or the date of such withdrawal.

Section 6.13. Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2024 and continuing until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

Section 6.14. Further Assurances. The Community Facilities District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable;

(c) failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, or to the Community Facilities District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 30 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless otherwise consented to by the Trustee, such period of time shall not exceed 180 days; or

(d) the commencement by the Community Facilities District of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02. Foreclosure. If an Event of Default shall occur under Section 7.01(a) or Section 7.01(b) then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District delinquent in the payment of the Special Tax, as provided in Section 53356.1 of the Act; provided, however, that the Trustee shall not be required to pursue a foreclosure action against any such parcel if the Trustee would be required to take title to, or an ownership interest in, such parcel in connection with or as a result of such foreclosure action.

Section 7.03. Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Community Facilities District and its officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Community Facilities District and the fulfillment of all duties imposed upon it by this Indenture and the Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things that are unlawful, or the violation of any of the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Community Facilities District and its officers and employees to account as if it and they were the trustees of an express trust.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.05. Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses incurred by the Trustee necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) to the payment of the principal and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest on the Bonds then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the Persons entitled thereto of all installments of principal of the Bonds then due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference;

(c) any remaining funds shall be transferred by the Trustee to the Special Tax Fund.

Section 7.06. Power of Trustee to Enforce. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 7.07. Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of this Indenture, the Act and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.08. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 7.09. Absolute Obligation. Nothing in this Indenture or the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners as the

same become due, as herein provided, but only out of the Net Special Tax Revenues and other assets pledged therefor hereunder, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.10. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Community Facilities District, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Community Facilities District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.11. No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

TRUSTEE

Section 8.01. Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default that has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 8.02. Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, which is (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company is) (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, or (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Community Facilities District may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Community Facilities District, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or

resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the

application of any moneys paid to the Community Facilities District or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under Article VII, under this Article or upon the direction of the Owners, the Trustee may require indemnity reasonably satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it hereunder if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof.

Section 8.04. Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, resolution, request, requisition, facsimile, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Each statement of facts contained in a Written Request of the Community Facilities District or a Written Certificate of the Community Facilities District shall be sufficient evidence to the Trustee of the facts so stated and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) The Trustee shall have the right to accept and act upon a Written Request of the Community Facilities District delivered using Electronic Means. If the Community Facilities District elects to deliver a Written Request of the Community Facilities District to the Trustee using Electronic Means and the Trustee acts upon such Written Request, the Trustee's understanding of such Written Request shall be deemed controlling. The Community Facilities District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Written Request and that the Trustee shall conclusively presume that Written Requests of the Community Facilities District that purport to have been sent by an Authorized Representative of the Community Facilities District have been sent by such Authorized Representative. The Community Facilities District shall be responsible for ensuring that only Authorized Representatives transmit such Written Requests of the Community Facilities District to the Trustee and that the Community Facilities District is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt thereof by the Community Facilities District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Written Requests of the Community Facilities District delivered using Electronic Means notwithstanding such directions conflict or are inconsistent with a subsequent written Written Requests of the Community Facilities District. The Community Facilities District agrees (i) to assume all risks arising out of the use of Electronic Means to submit Written Requests of the Community Facilities District to the Trustee, including the risk of the Trustee acting on unauthorized Written Requests of the Community Facilities District, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Written Requests of the Community Facilities District to the Trustee and that there may be more secure methods of transmitting Written Requests of the Community Facilities District than the method selected by the Community Facilities District, (iii) that the security procedures, if any, to be followed in connection with its transmission of Written Requests of the Community Facilities District provide to it a commercially reasonable degree of protection in light of its particular needs and

circumstances, and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. Notwithstanding the foregoing, the provisions of this subsection, and the Trustee's actions pursuant hereto, are subject to the Trustee's standard of care and limitations on liability set forth in Sections 8.03 and 8.04; provided, however, that the Trustee's reliance on a Written Request of the Community Facilities District that purports to have been sent by an Authorized Representative of the Community Facilities District delivered in accordance with this Section using Electronic Means shall not, in and of itself, be construed as negligence.

(c) Whenever in the administration of the duties imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(d) The Trustee may consult with counsel, who may be counsel to the Community Facilities District, with regard to legal questions, including with respect to compliance herewith of amendments hereto, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Section 8.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Special Tax Revenues received by it and all Funds and Accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Community Facilities District during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the Funds and Accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any Fund or Account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Section 8.06. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Community Facilities District, the Owners and their agents and representatives duly authorized in writing.

Section 8.07. Compensation and Indemnification. The Community Facilities District shall pay to the Trustee from time to time from Special Tax Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys,

agents and employees, incurred in and about the performance of their powers and duties under this Indenture. The Community Facilities District shall, to the extent permitted by law, from Special Tax Revenues, indemnify and save the Trustee and its officers, directors and employees harmless against any costs, suits, judgments, damages, liabilities, claims, expenses, including legal fees and expenses, and liabilities that it may incur in the exercise and performance of its powers and duties hereunder, including the enforcement of any remedies and the defense of any suit, and that are not due to its negligence or its willful misconduct. The duty of the Community Facilities District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the discharge and satisfaction of this Indenture.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures. (a) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are submitted to the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.07. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the prior written consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the prior written consents of the Owners of all Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consents of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III;

(iv) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first-class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Community Facilities District, the Trustee and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the Community Facilities District so determines, shall bear a notation by endorsement or otherwise in form approved by the Community Facilities District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Community Facilities District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Community Facilities District and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. (a) If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets pledged therefor hereunder, and all agreements, covenants and other obligations of the Community Facilities District hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant hereto that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, if the Community Facilities District shall pay or cause to be paid to the Owner of an Outstanding Bond the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, such Owner shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets pledged therefor hereunder and all agreements, covenants and other obligations of the Community Facilities District hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owner of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of this Indenture, the obligation of the Community Facilities District to indemnify the Trustee pursuant to Section 8.07 shall remain in effect and be binding upon the Community Facilities District.

Section 10.02. Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 if (i) in case such Bond is to be redeemed on any date prior to its maturity date, the Community Facilities District shall have

given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.02, (ii) there shall have been deposited with the Trustee either (A) money in an amount that shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys that shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the Community Facilities District shall have caused to be delivered to the Community Facilities District and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Community Facilities District and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, all agreements, covenants and other obligations of the Community Facilities District hereunder have ceased, terminated and become void and the Indenture has been discharged and satisfied as to such Bonds.

Section 10.03. Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the Community Facilities District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Community Facilities District for the payment of such principal, premium or interest. The Trustee shall hold any such moneys uninvested.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Community Facilities District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained required hereby to be performed by or on behalf of the Community Facilities District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.02. Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District and the Owners, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District and the Owners.

Section 11.03. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Community Facilities District of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.04. Severability of Invalid Provisions. If any term or provision of this Indenture or the Bonds, or the application of the term or provision to any Person or circumstance is, to any extent, held to be invalid or unenforceable in any jurisdiction, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain between the parties as contained herein, the remainder of this Indenture or the Bonds, as applicable, or the application of the term or provision to Persons or circumstances other than those as to which the term or provision is held invalid or unenforceable, shall not be affected by such invalidity or unenforceability, and each remaining term or provision of this Indenture and the Bonds shall be valid and will be enforced to the fullest extent permitted by law.

Section 11.05. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Community Facilities District:

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
c/o City of Ontario
303 East "B" Street
Ontario, California 91764
Attention: Executive Director of Finance

If to the Trustee:

Zions Bancorporation, National Association
550 South Hope Street, Suite 2875
Los Angeles, California 90071
Attention: Corporate Trust Services

If to NMC Builders:

NMC Builders, LLC
c/o SC Ontario Development Corporation
1156 North Mountain Avenue
Upland, California 91786
Attention: Administrative Member

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, (d) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 11.06. Evidence of Rights of Owners. (a) Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Community Facilities District if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to such notary public or such officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(c) The ownership of Bonds shall be proved by the Registration Books.

(d) Any request, consent or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Community Facilities District in accordance therewith or reliance thereon.

Section 11.07. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds that are actually known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that if 100% of the Bonds are so owned or held, such Bonds shall be deemed to be Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Community Facilities District shall specify in a Written Certificate of the Community Facilities District submitted to the Trustee those Bonds, if any, that are, as of the date of such Written Certificate, owned or held by or for the account of the Community Facilities District.

Section 11.08. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owner entitled thereto, subject, however, to the provisions of Section 10.03, but without any liability for interest thereon.

Section 11.09. Funds and Accounts. Any Fund or Account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account, but all such records with respect to all such Funds and Accounts shall at all times be maintained in accordance with prudent corporate trust industry standards, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional Funds or Accounts as it deems necessary to perform its obligations hereunder.

Section 11.10. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

Section 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall

relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by this Indenture.

Section 11.12. Conflict with Act. In the event of any conflict between any provision of this Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of this Indenture.

Section 11.13. Conclusive Evidence of Regularity. Bonds issued pursuant to this Indenture shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and to the levy of the Special Tax.

Section 11.14. Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 11.15. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Indenture using an electronic signature, it is signing, adopting and accepting this Indenture and that signing this Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Indenture in a usable format.

Section 11.16. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Community Facilities District has caused this Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA)

By: _____

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AS TRUSTEE

By: _____

[Signature Page to Indenture]

EXHIBIT A

PERMITTED INVESTMENTS

"Permitted Investments" means the following:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
  Senior debt obligations and participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
  Consolidated system wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
  Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
  Senior debt obligations
  Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(4) Unsecured certificates of deposit, time deposits or other bank deposit products, and bankers' acceptances (having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least $15 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated at the time of purchase "A-1+" by S&P and "Prime-1" by Moody's.

(7) Money market mutual funds rated "AAm" or "AAm-G" by S&P, or better and, if rated by Moody's, rated "Aa2" or better, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide transfer agency, custodial, investment advisory or other management services, and, subject to the prior written consent of S&P and Moody's, the investment pool maintained by the county in which the Community Facilities District is located or other investment pools, in either case so long as such pool is rated in one of the two highest rating categories by S&P and Moody's.

(8) State Obligations, which means

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A-" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency in (a) above and rated "AA-" or better by S&P and "Aa3" or better by Moody's.

(9) Pre-refunded municipal obligations rated "AA+" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of

independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification Report");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification Report; and

(f) the cash or the United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

A. With (i) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "Aa3" by Moody's; (ii) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" by S&P and "Aa3" Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (iii) any other entity rated at least "A-" by S&P and "A3" by Moody's (each, an "Eligible Provider"), provided that:

a. The (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMAs and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

b. The Trustee or a third party acting solely as agent therefor or for the Community Facilities District (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

c. The collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Community Facilities District setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

d. The repurchase agreement shall state, and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

e. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, notify the Trustee and the Community Facilities District within five days of receipt of such notice. Within ten days of receipt of such notice, the provider shall either (i) post Eligible Collateral, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten business days, the provider shall, at the direction of the Trustee or the Community Facilities District repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Trustee or the Community Facilities District.

(11) Investment agreements with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa3" by Moody's (each, an "Eligible Provider"); provided, that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee and the Community Facilities District hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Trustee and the Community Facilities District setting forth the balance the Community Facilities District or the Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that it is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(e) the Trustee and the Community Facilities District shall receive an opinion of domestic counsel to the provider that such investment agreement is

legal, valid and binding and enforceable against the provider in accordance with its terms;

(f) the Trustee and the Community Facilities District shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (ii) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (iii) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(g) the investment agreement shall provide that if during its term (i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within ten days of receipt of publication of such downgrade, either (A) post Eligible Collateral with the Trustee, the Community Facilities District or a third party acting solely as agent therefor (the "Custodian") free and clear of any third party liens or claims, (B) assign the agreement to an Eligible Provider, or (C) repay the principal of and accrued but unpaid interest on the investment, and (ii) the provider's rating by either S&P or Moody's falls below "A-" or "A3", respectively, the provider must, at the direction of the Trustee or the Community Facilities District, within ten days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee or the Community Facilities District;

(h) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMAs and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Community Facilities District setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(i) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(j) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee or the Community Facilities District, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the Community Facilities District, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the Community Facilities District, as appropriate.

EXHIBIT B

FORM OF SERIES 2023 BOND

No. _____ $_____

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BOND, SERIES 2023

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, 20__	_____, 2023	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing _____ 1, 20__ (the "Interest Payment Dates"), until payment of such Principal Amount in full.

This Bond is one of a series of a duly authorized issue of bonds approved by the qualified electors of the Community Facilities District, pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq*. of the California Government Code (the "Act"), and issued for the purpose of financing certain public facilities, and is one of the series of bonds designated "City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023" (the "Series 2023 Bonds") in the aggregate principal amount of $_____. The Series 2023 Bonds are issued pursuant to the Indenture, dated as of _____ 1, 2023 (the "Indenture"), by and between the Community Facilities District and Zions Bancorporation, National Association, as trustee (said entity or any successor thereto as trustee under the Indenture, the "Trustee"), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds") may be issued by the Community Facilities District on a parity with the Series 2023 Bonds. The Series 2023 Bonds and any Additional Bonds are collectively referred to as the "Bonds." The Indenture is

entered into, and this Bond is issued under, the Act and the laws of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Series 2023 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (b) a Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (c) interest on any Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2023 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Series 2023 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Bonds are special, limited obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), the City of Ontario or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Pursuant to and as more particularly provided in the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge constitutes a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

The Series 2023 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2023 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2023 Bonds are issuable as fully registered Bonds without coupons in Authorized Denominations ($5,000 and any integral multiple thereof).

Any Series 2023 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Series 2023 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2023 Bond or Series 2023 Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Series 2023 Bond or Series 2023 Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Series 2023 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2023 Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Indenture and the rights and obligations of the Community Facilities District, the Owners and the Trustee may be modified or amended in the manner, to the extent, and upon the terms provided in the Indenture.

The Indenture contains provisions permitting the Community Facilities District to make provision for the payment of the principal of and the interest and premium, if any, on any of the Bonds so that such Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Community Facilities District has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Mayor of the City of Ontario, attested by the manual or facsimile signature of the City Clerk of the City of Ontario, all as of the Dated Date identified above.

CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA)

By: _____
Mayor of the City of Ontario

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2023 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2023

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____, whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

BOND PURCHASE AGREEMENT

_____, 2023

City of Ontario
Community Facilities District No. 56
(Parkside/La Avenida)
303 East "B" Street
Ontario, California 91764

Ladies and Gentlemen:

Samuel A. Ramirez & Co., Inc., as underwriter (the "Underwriter"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District"), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District's acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Indenture, dated as of December 1, 2023 (the "Indenture"), by and between the Community Facilities District and Zions Bancorporation, National Association, as trustee (the "Trustee").

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the $_____ aggregate principal amount of the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Bonds"), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be

$_____ (being 100% of the aggregate principal amount thereof, [plus/less] [net] original issue [premium/discount] of $_____ and less an Underwriter's discount of $_____).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 4 hereof, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds will be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Special Tax Revenues as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Community Facilities District Act"). The issuance of the Bonds has been duly authorized by the City Council of the City of Ontario (the "City"), as the legislative body for the Community Facilities District, pursuant to a resolution (the "Community Facilities District Resolution of Issuance") adopted on _____, 2023.

The net proceeds of the Bonds will be used to (i) provide financing for certain public facilities and costs with respect thereto related to the development within the Community Facilities District, (ii) fund a reserve fund with respect to the Bonds, and (iii) pay the costs of issuance with respect to the Bonds.

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of, or a municipal or financial advisor of, the Community Facilities District and has not assumed any advisory or fiduciary responsibility to the Community Facilities District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided or is currently providing other services to the Community Facilities District on other matters), (iv) the Underwriter has financial interests that differ from those of the Community Facilities District, (v) the only obligations the Underwriter has to the Community Facilities District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the MSRB (as defined below) or other law, and (vi) the Community Facilities District has consulted its own legal, financial, accounting, tax, and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an

acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB"). The Community Facilities District acknowledges and represents that it has engaged CSG Advisors Incorporated as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of CSG Advisors Incorporated with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2023, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "Preliminary Official Statement." By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Orrick Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel ("Disclosure Counsel"), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Agreement executed by the Community Facilities District in connection with the Bonds (the "Continuing Disclosure Agreement"), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), the Community Facilities District will undertake pursuant to the Continuing Disclosure Agreement, in the form attached as an appendix to the Official Statement, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Los Angeles, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company ("DTC"), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at [8:30] a.m. California time, on _____, 2023 (the "Closing Date"), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the "Closing"). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:

A. The City is duly organized and validly existing as a general law city under the Constitution and laws of the State of California and has duly authorized the formation of the Community Facilities District and the incurring of bonded indebtedness thereby pursuant to resolutions duly adopted by the City Council (collectively, the "Community Facilities District Formation Resolutions" and, together with the Community Facilities District Resolution of Issuance, the "Community Facilities District Resolutions") and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolutions and an ordinance of the City Council levying the Special Tax within the Community Facilities District (the "Ordinance"), and has caused to be recorded in the real property records of the County of San Bernardino, a notice of special tax lien, and any required amendments thereof (collectively, the "Notice of Special Tax Lien" and, together with the Community Facilities District Formation Resolutions and the Ordinance, the "Formation Documents"), and has duly adopted the Community Facilities District Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended or rescinded. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Agreement and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the Continuing Disclosure Agreement, this Purchase Agreement, the Acquisition and Funding Agreement, dated as of December 1, 2021, as amended by the First Amendment to Acquisition and Funding Agreement, dated as of [November 1, 2023] (as so amended, the "SC Ontario Acquisition Agreement"), each by and between the City and SC Ontario Development Company, LLC ("SC Ontario"), a limited liability company organized and existing under the laws of the State of Delaware, the Amended and Restated Acquisition and Funding Agreement, dated as of November 1, 2022, by and between the City and NMC Builders, LLC (the "NMC Builders Acquisition Agreement" and together with the SC Ontario Acquisition Agreement, the "Acquisition Agreements"), and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds, the Continuing Disclosure Agreement, and the Acquisition Agreements are collectively referred to herein as the "Community Facilities District Documents."

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than statements pertaining to the book-entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not affect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Net Special Tax Revenues of the Community Facilities District, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Tax within the Community Facilities District will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Tax to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes or in such other manner as the City Council shall determine.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Special Tax Revenues of the Community Facilities District, and in the moneys in the Special Tax Fund, the Bond Fund, and the Reserve Fund established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the Special Tax of the Community Facilities District referred to in paragraph (G) hereof.

K. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to the DTC and its book-entry system, as to which no view is expressed) is true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the MSRB.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the City or the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Tax or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation

of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Agreement in substantially the form attached as an appendix to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the City and the City Entities (as defined in the Preliminary Official Statement) have not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years. The Community Facilities District has not previously entered into any undertaking pursuant to the Rule.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

S. The City, on behalf of the Community Facilities District, has adopted local debt policies in accordance with Section 8855(i) of the California Government Code.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official

Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 2 with respect to the Community Facilities District are true as of the date hereof.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date, and in reliance upon the representations and covenants of SC Ontario Development Company, LLC, the master developer within the District (the "Master Developer"), Woodside 05S, LP ("Woodside"), The New Home Company Southern California LLC ("New Home Company"), and Lennar Homes of California, LLC ("Lennar") and contained in the certificate(s) delivered as of the Closing Date, and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions, the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or

under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission ("SEC"), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all

underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

4. The introduction, proposal or enactment of any amendment to the federal or California Constitution or any action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of the Special Tax, or the ability of the Community Facilities District to construct or acquire the improvements as contemplated by the Formation Documents, the Community Facilities District Documents or the Official Statement or the right of any owner of the property within the Community Facilities District to develop such property in the manner described in the Official Statement, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, or (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations;

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred;

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force;

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order;

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act;

14. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Community Facilities District; or

15. The commencement of any Action.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolutions and the other Formation Documents, and the Community Facilities District Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions and the Ordinance are true, correct and complete copies of the ones duly adopted by the City Council;

4. The Continuing Disclosure Agreement executed and delivered by the Community Facilities District and the Trustee, as dissemination agent, the Continuing Disclosure Certificate dated the Closing Date of the Master Developer (the "Master Developer Continuing Disclosure Certificate") and the Continuing Disclosure Certificate dated the Closing Date of New Home Company (the "New Home Company Continuing Disclosure Certificate"), in each case substantially in the respective forms attached as appendixes to the Official Statement;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon

is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, in substantially the form included as an appendix to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions of Bond Counsel dated the Closing Date and addressed to the Underwriter to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Agreement have been duly executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid and binding obligations of the Community Facilities District, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iii) the statements contained in the Official Statement under the captions "THE SERIES 2023 BONDS" (except information relating to DTC and its book-entry system and information under the caption "Debt Service Schedule," as to which no opinion is expressed), "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS," (except information under the captions "Special Tax" and "Rate and Method of Apportionment" as to which no opinion is expressed), "TAX MATTERS," and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture and certain matters addressed in Bond Counsel's final approving opinion, are accurate in all material respects.

7. A letter, dated the Closing Date and addressed to the Underwriter, of Disclosure Counsel, to the effect that such counsel is not passing upon and has not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or in the Official Statement, and is, therefore, unable to make any representation to the Underwriter in that regard, but on the basis of its participation in conferences with representatives of the City, Best Best & Krieger LLP, as issuer's counsel ("Issuer's Counsel"), Bond Counsel, Kitty Siino & Associates, Inc. (the "Appraiser"), Empire Economics, Inc, Goodwin Consulting Group, Inc. ("Goodwin Consulting Group"), CSG Advisors Incorporated, representatives of the Underwriter and others, during which conferences the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, and its examination of certain documents, and, in reliance thereon and based on the information made available to it in its role as Disclosure Counsel and its understanding of applicable law, Disclosure Counsel advises the Underwriter as a matter of fact, but not opinion, that no information has come to the attention of the attorneys in the firm working on such matter which has led them to believe that the Preliminary Official Statement as of its date and the date hereof and the Official Statement as of its date and as of the Closing Date (in each case excluding therefrom the financial and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Preliminary Official Statement and the Official

Statement, information regarding DTC and its book entry system and the information set forth in Appendices A, B, C, D, E, F, G, H and I, as to all of which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, the Community Facilities District Documents and the Official Statement at or prior to the Closing Date; and (iv) all information in the Official Statement relating to the Community Facilities District (other than information therein provided by the Special Tax Consultant) is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

9. An opinion of Issuer's Counsel dated the date of Closing and addressed to the Underwriter, the Trustee and the City, substantially in the form attached hereto as Exhibit D;

10. A certificate dated the Closing Date from the Appraiser addressed to the Community Facilities District and the Underwriter substantially to the effect that (i) the assumptions made in the appraisal of the taxable properties within the Community Facilities District, dated __October 4, 2023 (the "Appraisal Report"), prepared by the Appraiser are reasonable; the Appraisal Report fairly and accurately described, as of the stated date of value, the market values of the properties in the Community Facilities District that are subject to the Special Tax, (ii) the Appraiser is not aware of any event or act which occurred since the date of value of the Appraisal Report which, in its opinion, would materially and adversely affect the conclusions as to the market value of the appraised property in the Community Facilities District, (iii) the Appraiser consents to the reproduction of the Appraisal Report as an appendix to the Preliminary Official Statement and the final Official Statement, each with respect to the Bonds, and to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement, (iv) the Appraisal Report complies with the Appraisal Standards for Land-Secured Financings issued by the California Debt and Investment Advisory Commission dated July 2004, (v) a true and correct copy of the Appraisal Report is attached as an appendix to the Preliminary Official Statement and the Official Statement; and (vi) neither the Appraisal Report nor the information in the Preliminary Official Statement or the Official Statement referring to it contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

11. A certificate dated the Closing Date from Goodwin Consulting Group addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax, if levied and collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Tax of the Community Facilities District, as of the Closing Date, would generate at least 110% of the annual debt service payable with respect to the related issue of Bonds,

net of estimated Administrative Expenses, based on such assumptions and qualifications as shall be acceptable to the Underwriter; (ii) the statements in the Preliminary Official Statement and the Official Statement provided by Goodwin Consulting Group concerning the Special Tax in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Preliminary Official Statement, the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) all information supplied by Goodwin Consulting Group to the Appraiser is true and correct as of the date of the Preliminary Official Statement and the date of the Official Statement and as of the Closing Date, based on such assumptions as may have been supplied by it; and (iv) the information contained in the Appraisal Report with respect to taxes and tax rates applicable, and projected to be applicable, to the property in the Community Facilities District is consistent with such information provided by Goodwin Consulting Group to the Appraiser, which information so provided was based on information obtained by Goodwin Consulting Group from the Community Facilities District, the Master Developer, Woodside, New Home Company and Lennar, and the City;

12. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

13. A certificate of the Trustee, addressed to the Underwriter, and the Community Facilities District dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Indenture and the Continuing Disclosure Agreement; (ii) the Trustee is duly authorized to execute and deliver the Indenture and the Continuing Disclosure Agreement, to accept the obligations created by the Indenture and the Continuing Disclosure Agreement and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

14. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate power to execute and deliver the Indenture, the Continuing Disclosure Agreement, and any other documentation relating to the Indenture, (ii) the execution and delivery by the Trustee of the Indenture, the Continuing Disclosure Agreement, and any other documentation relating to the Indenture, and its performance of its obligations under the Indenture, have been and are as of the date hereof duly authorized by all necessary corporate action, (iii) the Indenture and the Continuing Disclosure Agreement have been duly executed and delivered and constitute the valid and legally binding obligations of the Trustee enforceable against it in accordance with their terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and

by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law), and (iv) the Bonds have been duly authenticated and delivered by the Trustee;

15. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

16. (a) From counsel to the Master Developer, (i) a negative assurance letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel, and (ii) an opinion letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel, to the effect that the Master Developer Continuing Disclosure Certificate has been duly authorized, executed and delivered by the Master Developer; (b) From counsel to Woodside, a negative assurance letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel; (c) From counsel to New Home Company, (i) a negative assurance letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel, and (ii) an opinion letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel, to the effect that the New Home Company Continuing Disclosure Certificate has been duly authorized, executed and delivered by New Home Company; (d) From counsel to Lennar, a negative assurance letter of such counsel, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel;

17. A Letter of Representations from each of the Master Developer, Woodside, New Home Company and Lennar dated the date of printing the Preliminary Official Statement, substantially in the respective form attached hereto as Exhibit B-1, Exhibit B-2, Exhibit B-3 and Exhibit B-4;

18. A Closing Certificate from each of the Master Developer, Woodside, New Home Company and Lennar dated the Closing Date, substantially in the respective form attached hereto as Exhibit C-1, Exhibit C-2, Exhibit C-3 and Exhibit C-4, or as such Closing Certificates may be modified with the approval of the Underwriter and Disclosure Counsel;

19. A certificate dated the date of printing the Preliminary Official Statement of Arroyo Cap II-1, LLC, certifying that the information under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT - New Home Company - New Home Company Landbank," is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and a certificate dated the Closing Date of Arroyo Cap II-1, LLC, certifying that the information under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT - New Home Company - New Home Company Landbank," was as of the date of the final Official Statement and is as of the Closing Date true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

20. A certificate dated the Closing Date from Empire Economics, Inc. addressed to the Community Facilities District and the Underwriter to the effect that the statements in the Official Statement provided by Empire Economics, Inc. and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in

order to make the statements therein, in light of the circumstances under which they were made, not misleading;

21. An opinion of Norton Rose Fulbright US LLP, counsel to the Underwriter, dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

22. A certificate of CSG Advisors Incorporated, the City's municipal advisor (the "Municipal Advisor") to the effect that the Municipal Advisor has participated in the preparation of the Preliminary Official Statement and the Official Statement and nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omits to state a fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and

23. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

4. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Community Facilities District under this section to establish the issue price of the Bonds may be taken on behalf of the Community Facilities District by the Municipal Advisor and any notice or report to be provided to the Community Facilities District may be provided to the Community Facilities District's Municipal Advisor.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase

Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public, provided that the Underwriter's reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Community Facilities District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds. For clarity, and notwithstanding any other condition to Closing set forth in this Purchase Agreement, the sale of 10% of each maturity of the Bonds to the public prior to the Closing Date shall not be a condition to Closing.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Community Facilities District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

(1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(a)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that

maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter,

(b) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(c) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(2) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representations set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Community Facilities District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) "public" means any person other than an underwriter or a related party;

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) "sale date" means the date of execution of this Purchase Agreement by all parties.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

A. The Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay or cause to be paid (out of any legally available funds of the Community Facilities District) all expenses incident to the performance of the Community Facilities District's obligations hereunder, including, but not limited to, the cost of printing, engraving and delivering the Bonds to DTC, the cost of preparation, printing, distributing and delivering of the Indenture, the Preliminary Official Statement, the Official Statement, any amendment or supplement to the Preliminary Official Statement or the Official Statement and this Purchase Agreement, and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the Trustee, Bond Counsel, Disclosure Counsel and any financial advisors, special tax consultants, appraisers, accountants, engineers or any other experts or consultants the City or the Community Facilities District may have retained in connection with the Bonds; and

B. The Community Facilities District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Bonds.

6. Notices. Any notice or other communication to be given to the Community Facilities District or the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Ontario, 303 East "B" Street, Ontario, California 91764, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Samuel A. Ramirez & Co., Inc., 633 West Fifth Street, Suite 2693, Los Angeles, California 90071, Attention: Eric McKean.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

[Remainder of page intentionally left blank.]

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

SAMUEL A. RAMIREZ & CO., INC.

By: _____
Its: Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA)

By: _____
Authorized Officer

Time of Execution: ____:____ California time

EXHIBIT A

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule

T: Term Bond.
C: Priced to optional redemption date of September 1, 20___, at par.
* At the time of execution of this Purchase Agreement and assuming orders are confirmed immediately after the execution of this Purchase Agreement.

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on and after September 1, 20__, shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__, from any source of available funds, 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__ and 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

Mandatory Redemption from Special Tax Prepayments. The Bonds shall be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of Special Tax prepayments required to be applied thereto pursuant to the Indenture and any amount required to be applied thereto pursuant to the Indenture, 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
March 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__ at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
(Maturity)	

[add additional as necessary]

EXHIBIT B-1

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

LETTER OF REPRESENTATIONS OF
SC ONTARIO DEVELOPMENT COMPANY, LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "**Bonds**") and to the Bond Purchase Agreement to be entered into in connection therewith (the "**Bond Purchase Agreement**"). This Letter of Representations of SC Ontario Development Company, LLC (the "**Letter of Representations**") is delivered pursuant to and in satisfaction of Section 3(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of SC Ontario Development Company, LLC, a Delaware limited liability company (the "**Developer**"), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of Delaware and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to own its property in the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "**Community Facilities District**") as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Community Facilities District is held in the name of the Developer (herein, the "**Property**"). The undersigned, on behalf of the Developer, makes the representations herein with

respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer's current expectation is that the Developer shall remain the party responsible for the construction and sale of homes within the Property.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,[1] is pending against any current Affiliate[2] (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of the special tax levied on the Property by the Community Facilities District (the "**Special Tax**") or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the "**Reserve Fund**")), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) to materially adversely affect the ability of the Developer to perform its obligations under the Continuing Disclosure Certificate (as hereinafter defined), (d) in any way contesting or affecting the validity of the Special Tax, or (e) which is reasonably likely to materially and adversely affect the Developer's ability to own and sell the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates ownership of the Property and the Developer's plan for marketing the Property as set forth under the sections of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT - The Master Developer" and "CONTINUING DISCLOSURE – The Master Developer" (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report (as defined herein), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit

1 "**Actual Knowledge of the Undersigned**" means, as of the date of this Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. Individuals who are no longer employees of the Developer and its Affiliates have not been contacted.

2 "**Affiliate**" means, with respect to the Developer, 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 the Community Facilities District and investment decision regarding the Bonds (i.e., information relevant to (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency. "**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. For purposes hereof, the term "**control**" (including the terms "**controlling**," "**controlled by**" or "**under common control with**") means the 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.

to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the ownership of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to own the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying the Special Tax within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Tax pursuant to which Special Tax is levied, (b) an action or suit with respect to the application or use of the Special Tax levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Developer, an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges that the proceeds of the Bonds are expected to be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in

writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. The Developer agrees to execute at Closing the Continuing Disclosure Certificate, substantially in the form attached as Appendix H-1 to the Preliminary Official Statement (the "**Continuing Disclosure Certificate**"), with such additional changes as may be agreed to by the Developer and the Underwriter. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware of any material failures by it or any entity under managerial control of the Developer to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it or an entity under the managerial control of the Developer to provide periodic continuing disclosure reports or notices of material events respecting securities offerings in California within the past five years.

12. To the Actual Knowledge of the Undersigned, execution and delivery of the Continuing Disclosure Certificate, and the performance by the Developer of its obligations under the Continuing Disclosure Certificate, will not conflict with or constitute a breach of or default under any loans, lines of credit, agreements, or other contractual or financial obligations of the Developer, or any applicable law, regulation, judgment or decree.

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which is reasonably likely to have a materially adverse impact on the ability of the Developer to own the Property as described in the Preliminary Official Statement, to perform its obligations under the Continuing Disclosure Certificate, or to pay the Special Tax or ad valorem tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or such Affiliate in a court of law.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the ownership of the Property which is reasonably likely to materially and adversely affect the Developer's development of the Property as described in the Preliminary Official Statement, the performance of its obligations under the Continuing Disclosure Certificate, or the payment of the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

17. [Reserved.]

18. An appraisal of the taxable properties within the Community Facilities District, dated October 4, 2023 (the "**Appraisal Report**"), was prepared by Kitty Siino & Associates, Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of August 7, 2023 (the "**Date of Value**"). To the Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the section of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to

such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Developer shall, after receiving notice of the indemnification obligation of the Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Developer. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, ownership of the Property and the Developer's development plan, the Developer's plan for marketing the property shall occur of which the undersigned has actual knowledge which would cause the information under the section of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4 hereof), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-1 to the Bond Purchase Agreement. If any event related to or affecting the Developer, its Affiliates, or its

ownership of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have had the opportunity to discuss with counsel to the Developer the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

SC ONTARIO DEVELOPMENT COMPANY, LLC, a Delaware limited liability company

By: LEWIS MANAGEMENT CORP., a Delaware corporation
Its: Sole Manager

By: _____
Bryan Goodman
Authorized Agent

[Execution Page of Letter of Representations of SC Ontario Development Company, LLC]

EXHIBIT A

To

LETTER OF REPRESENTATIONS
OF SC ONTARIO DEVELOPMENT COMPANY, LLC

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT B-2

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

LETTER OF REPRESENTATIONS OF
WOODSIDE 05S, LP

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "**Bonds**") and to the Bond Purchase Agreement to be entered into in connection therewith (the "**Bond Purchase Agreement**"). This Letter of Representations of Woodside 05S, LP (the "**Letter of Representations**") is delivered pursuant to and in satisfaction of Section 3(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of Woodside 05S, LP, a California limited partnership (the "**Developer**"), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of California and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to develop its property in the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "**Community Facilities District**") as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Community Facilities District is held in the name of the Developer (herein, the "**Property**"). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the

Developer's current expectation is that the Developer shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement, the Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,[3] is pending against any current Affiliate[4] (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of the special tax levied on the Property by the Community Facilities District (the "**Special Tax**") or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the "**Reserve Fund**")), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) in any way contesting or affecting the validity of the Special Tax, or (d) which is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) as set forth under the section of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT - Woodside" (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report

3 "**Actual Knowledge of the Undersigned**" means, as of the date of this Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. Individuals who are no longer employees of the Developer and its Affiliates have not been contacted.

4 "**Affiliate**" means, with respect to the Developer, 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 the Community Facilities District and investment decision regarding the Bonds (i.e., information relevant to (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency. "**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. For purposes hereof, the term "**control**" (including the terms "**controlling**," "**controlled by**" or "**under common control with**") means the 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.

(as defined herein), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying the Special Tax within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Tax pursuant to which Special Tax is levied, (b) an action or suit with respect to the application or use of the Special Tax levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Developer, an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges that the proceeds of the Bonds are expected to be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. [Reserved]

12. [Reserved.]

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which is reasonably likely to have a materially adverse impact on the ability of the Developer to develop the Property as described in the Preliminary Official Statement, or to pay the Special Tax or ad valorem tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or such Affiliate in a court of law.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the Developer's development of the Property as described in the Preliminary Official Statement, or the payment of the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

17. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have

sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay Special Tax levied against the Property (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Tax. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plans and financing plans for the Property at any time without notice.

18. An appraisal of the taxable properties within the Community Facilities District, dated October 4, 2023 (the "**Appraisal Report**"), was prepared by Kitty Siino & Associates, Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of August 7, 2023 (the "**Date of Value**"). To the Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the section of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to

retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Developer shall, after receiving notice of the indemnification obligation of the Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Developer. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) shall occur of which the undersigned has actual knowledge which would cause the information under the section of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4 hereof), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-2 to the

Bond Purchase Agreement. If any event related to or affecting the Developer, its Affiliates, or the ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have had the opportunity to discuss with counsel to the Developer the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

WOODSIDE 05S, LP, a California limited partnership

By: WDS GP, Inc., a California corporation
Its: General Parner

By: _____
_____
Authorized Agent

[Execution Page of Letter of Representations of Woodside 05S, LP]

EXHIBIT A

To

LETTER OF REPRESENTATIONS
OF WOODSIDE 05S, LP

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT B-3

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

LETTER OF REPRESENTATIONS OF
THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "**Bonds**") and to the Bond Purchase Agreement to be entered into in connection therewith (the "**Bond Purchase Agreement**"). This Letter of Representations of The New Home Company Southern California LLC (the "**Letter of Representations**") is delivered pursuant to and in satisfaction of Section 3(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of The New Home Company Southern California LLC, a Delaware limited liability company (the "**Developer**"), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is a limited liability company duly organized and validly existing under the laws of the State of Delaware, registered to transact business as a foreign limited liability company in the State of California and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to develop its property in the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "**Community Facilities District**") as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Community Facilities District is held in the name of the Developer (herein, the

"**Property**"). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer's current expectation is that the Developer shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement, the Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,[5] is pending against any current Affiliate[6] (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of the special tax levied on the Property by the Community Facilities District (the "**Special Tax**") or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the "**Reserve Fund**")), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) to materially adversely affect the ability of the Developer to perform its obligations under the Continuing Disclosure Certificate (as hereinafter defined), (d) in any way contesting or affecting the validity of the Special Tax, or (e) which is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the

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5 "**Actual Knowledge of the Undersigned**" means, as of the date of this Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. Individuals who are no longer employees of the Developer and its Affiliates have not been contacted.

6 "**Affiliate**" means, with respect to the Developer, 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 the Community Facilities District and investment decision regarding the Bonds (i.e., information relevant to (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency. "**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. For purposes hereof, the term "**control**" (including the terms "**controlling**," "**controlled by**" or "**under common control with**") means the 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.

Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) as set forth under the sections of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT - New Home Company" (excluding the information under subcaption " - New Home Company Landbank") and "CONTINUING DISCLOSURE – New Home Company" (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report (as defined herein), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying the Special Tax within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Tax pursuant to which Special Tax is levied, (b) an action or suit with respect to the application or use of the Special Tax levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Developer, an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges that the proceeds of the Bonds are expected to be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. The Developer agrees to execute at Closing the Continuing Disclosure Certificate, substantially in the form attached as Appendix H-2 to the Preliminary Official Statement (the "**Continuing Disclosure Certificate**"), with such additional changes as may be agreed to by the Developer and the Underwriter. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware of any material failures by it or any entity under managerial control of the Developer to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it or an entity under the managerial control of the Developer to provide periodic continuing disclosure reports or notices of material events respecting securities offerings in southern California within the past five years.

12. To the Actual Knowledge of the Undersigned, execution and delivery of the Continuing Disclosure Certificate, and the performance by the Developer of its obligations under the Continuing Disclosure Certificate, will not conflict with or constitute a breach of or default under any loans, lines of credit, agreements, or other contractual or financial obligations of the Developer, or any applicable law, regulation, judgment or decree.

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which is reasonably likely to have a materially adverse impact on the ability of the Developer to develop the Property as described in the Preliminary Official Statement, to perform its obligations under the Continuing Disclosure Certificate, or to pay the Special Tax or ad valorem tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an

assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or such Affiliate in a court of law.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the Developer's development of the Property as described in the Preliminary Official Statement, the performance of its obligations under the Continuing Disclosure Certificate, or the payment of the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

17. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay Special Tax levied against the Property (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Tax. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plans and financing plans for the Property at any time without notice.

18. An appraisal of the taxable properties within the Community Facilities District, dated October 4, 2023 (the "**Appraisal Report**"), was prepared by Kitty Siino & Associates, Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of August 7, 2023 (the "**Date of Value**"). To the Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the sections of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Developer in the above-

referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Developer shall, after receiving notice of the indemnification obligation of the Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Developer. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) shall occur of which the undersigned has actual knowledge which would cause the information under the section of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4 hereof), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-3 to the Bond Purchase Agreement. If any event related to or affecting the Developer, its Affiliates, or the ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have had the opportunity to discuss with counsel to the Developer the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

[Execution Page of Letter of Representations of The New Home Company Southern California LLC]

EXHIBIT A

To

LETTER OF REPRESENTATIONS
OF THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT B-4

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

LETTER OF REPRESENTATIONS OF
LENNAR HOMES OF CALIFORNIA, LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "**Bonds**") and to the Bond Purchase Agreement to be entered into in connection therewith (the "**Bond Purchase Agreement**"). This Letter of Representations of Lennar Homes of California, LLC (the "**Letter of Representations**") is delivered pursuant to and in satisfaction of Section 3(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of Lennar Homes of California, LLC, a California limited liability company (the "**Developer**"), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of California and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to develop its property in the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "**Community Facilities District**") as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Community Facilities District is held in the name of the Developer (herein, the "**Property**"). The undersigned, on behalf of the Developer, makes the representations herein with

respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer's current expectation is that the Developer shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement, the Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,[7] is pending against any current Affiliate[8] (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of the special tax levied on the Property by the Community Facilities District (the "**Special Tax**") or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the "**Reserve Fund**")), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) to materially adversely affect the ability of the Developer to perform its obligations under the Continuing Disclosure Certificate (as hereinafter defined), (d) in any way contesting or affecting the validity of the Special Tax, or (e) which is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

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7 "**Actual Knowledge of the Undersigned**" means, as of the date of this Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. Individuals who are no longer employees of the Developer and its Affiliates have not been contacted. The Developer further notes that Lennar Corporation, a Delaware corporation ("**Lennar Corporation**"), completed a merger with CalAtlantic Group, Inc., a Delaware corporation (now CalAtlantic Group, LLC, herein "**CalAtlantic**") in February, 2018, pursuant to which CalAtlantic merged with and into Lennar Corporation, with Lennar Corporation being the surviving entity. Separate and apart from Lennar Corporation's due diligence efforts for purposes of completing the acquisition of CalAtlantic, individuals who were employees and officers of CalAtlantic and its subsidiaries prior to the merger have not been consulted or contacted and documents entered into by CalAtlantic and its subsidiaries or related to their properties and projects have not been reviewed.

8 "**Affiliate**" means, with respect to the Developer, 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 the Community Facilities District and investment decision regarding the Bonds (i.e., information relevant to (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency. "**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. For purposes hereof, the term "**control**" (including the terms "**controlling**," "**controlled by**" or "**under common control with**") means the 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. Due to the merger, and for purposes hereof, the term Affiliate shall exclude CalAtlantic and its direct and indirect subsidiaries. [In addition, for purposes hereof, neither SC Ontario Development Company, LLC nor NMC Builders, LLC is an Affiliate of the Developer.]

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) as set forth under the section of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT - Lennar" (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report (as defined herein), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying the Special Tax within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Tax pursuant to which Special Tax is levied, (b) an action or suit with respect to the application or use of the Special Tax levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Developer, an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges that the proceeds of the Bonds are expected to be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. [Reserved.]

12. [Reserved.]

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which is reasonably likely to have a materially adverse impact on the ability of the Developer to develop the Property as described in the Preliminary Official Statement, or to pay the Special Tax or ad valorem tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or such Affiliate in a court of law.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the

Developer's development of the Property as described in the Preliminary Official Statement, or the payment of the Special Tax due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

17. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay Special Tax levied against the Property (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Tax. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plans and financing plans for the Property at any time without notice.

18. An appraisal of the taxable properties within the Community Facilities District, dated October 4, 2023 (the "**Appraisal Report**"), was prepared by Kitty Siino & Associates, Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of August 7, 2023 (the "**Date of Value**"). To the Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the section of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not

relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Developer shall, after receiving notice of the indemnification obligation of the Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Developer. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Affiliates) shall occur of which the undersigned has actual knowledge which would cause the information under the section of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4 hereof), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event

requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-4 to the Bond Purchase Agreement. If any event related to or affecting the Developer, its Affiliates, or the ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have had the opportunity to discuss with counsel to the Developer the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

[Execution Page of Letter of Representations of Lennar Homes of California, LLC]

EXHIBIT A

To

LETTER OF REPRESENTATIONS
OF LENNAR HOMES OF CALIFORNIA, LLC

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT C-1

FORM OF CLOSING CERTIFICATE

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

CLOSING CERTIFICATE OF
SC ONTARIO DEVELOPMENT COMPANY, LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764
Attn: City Manager

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the "**Bonds**") and to the Bond Purchase Agreement, dated _____, 2023 (the "**Bond Purchase Agreement**"), entered into in connection therewith. This Closing Certificate of SC Ontario Development Company, LLC (the "**Closing Certificate**") is delivered pursuant to Section 3(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of SC Ontario Development Company, LLC (the "**Letter of Representations**"), dated _____, 2023, delivered by SC Ontario Development Company, LLC, a Delaware limited liability company (the "**Developer**").

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated _____, 2023 relating to the Bonds (the "**Official Statement**"). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the

Official Statement and all references to the Continuing Disclosure Certificate herein shall be deemed to be references to the Continuing Disclosure Certificate as executed by the Developer in connection with the sale of the Bonds.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) with respect to the Developer, its Affiliates, ownership of the Property, or the Developer's plan for marketing the property which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriting Period**" as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, or the Developer's plan for marketing the property shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. The Developer has duly authorized the execution and delivery of the Continuing Disclosure Certificate and is duly authorized to perform the obligation on its part to be performed thereunder, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

SC ONTARIO DEVELOPMENT COMPANY, LLC, a Delaware limited liability company

By: LEWIS MANAGEMENT CORP., a Delaware corporation
Its: Sole Manager

By: _____
Bryan Goodman
Authorized Agent

EXHIBIT C-2

FORM OF CLOSING CERTIFICATE

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

CLOSING CERTIFICATE OF
WOODSIDE 05S, LP

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764
Attn: City Manager

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the "**Bonds**") and to the Bond Purchase Agreement, dated _____, 2023 (the "**Bond Purchase Agreement**"), entered into in connection therewith. This Closing Certificate of Woodside 05S, LP (the "**Closing Certificate**") is delivered pursuant to Section 3(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of Woodside 05S, LP (the "**Letter of Representations**"), dated _____, 2023, delivered by Woodside 05S, LP, a California limited partnership (the "**Developer**").

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated _____, 2023 relating to the Bonds (the "**Official Statement**"). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement in connection with the sale of the Bonds.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriting Period**" as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

WOODSIDE 05S, LP, a California limited partnership

By: WDS GP, Inc., a California corporation
Its: General Parner

By: _____

_____
Authorized Agent

EXHIBIT C-3

FORM OF CLOSING CERTIFICATE

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

CLOSING CERTIFICATE OF
THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764
Attn: City Manager

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the "**Bonds**") and to the Bond Purchase Agreement, dated _____, 2023 (the "**Bond Purchase Agreement**"), entered into in connection therewith. This Closing Certificate of The New Home Company Southern California LLC (the "**Closing Certificate**") is delivered pursuant to Section 3(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of The New Home Company Southern California LLC (the "**Letter of Representations**"), dated _____, 2023, delivered by The New Home Company Southern California LLC, a Delaware limited liability company (the "**Developer**").

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated _____, 2023 relating to the Bonds (the "**Official Statement**"). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the

Official Statement and all references to the Continuing Disclosure Certificate herein shall be deemed to be references to the Continuing Disclosure Certificate as executed by the Developer in connection with the sale of the Bonds.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriting Period**" as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the information under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. The Developer has duly authorized the execution and delivery of the Continuing Disclosure Certificate and is duly authorized to perform the obligation on its part to be performed thereunder, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT C-4

FORM OF CLOSING CERTIFICATE

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

CLOSING CERTIFICATE OF
LENNAR HOMES OF CALIFORNIA, LLC

_____, 2023

City of Ontario Community Facilities District
No. 56 (Parkside/La Avenida)
303 East B Street
Ontario, California 91764
Attn: City Manager

Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the "**Bonds**") and to the Bond Purchase Agreement, dated _____, 2023 (the "**Bond Purchase Agreement**"), entered into in connection therewith. This Closing Certificate of Lennar Homes of California, LLC (the "**Closing Certificate**") is delivered pursuant to Section 3(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of Lennar Homes of California, LLC (the "**Letter of Representations**"), dated _____, 2023, delivered by Lennar Homes of California, LLC, a California limited liability company (the "**Developer**").

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated _____, 2023 relating to the Bonds (the "**Official Statement**"). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the

Official Statement and all references to the Continuing Disclosure Certificate herein shall be deemed to be references to the Continuing Disclosure Certificate as executed by the Developer in connection with the sale of the Bonds.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriting Period**" as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, loans of its Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the information under the section of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. The Developer has duly authorized the execution and delivery of the Continuing Disclosure Certificate and is duly authorized to perform the obligation on its part to be performed thereunder, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF ISSUER'S COUNSEL OPINION

_____, 2023

City of Ontario
Community Facilities District No. 56
(Parkside/La Avenida)
Ontario, California

Samuel A. Ramirez & Co., Inc.
Los Angeles, California

Zions Bancorporation, National Association, as Trustee
Los Angeles, California

ISSUER'S COUNSEL OPINION

Re: $_____ City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023

Ladies and Gentlemen:

We have acted as issuer's counsel ("Issuer's Counsel") to the City of Ontario (the "City") and the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District") in connection with the issuance of the above-referenced bonds (the "Bonds"). In such capacity, we have been asked to render this opinion in connection with Section 3(F)(9) of that certain Bond Purchase Agreement, dated _____, 2023 (the "Bond Purchase Agreement"), by and between Samuel A. Ramirez & Co., Inc., as underwriter, and the Community Facilities District, relating to the Bonds. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Bond Purchase Agreement.

In rendering this opinion, we have examined and relied upon originals or copies of the following upon which, with your permission, we are relying, without further inquiry or investigation (although we advise you that we have no actual knowledge to the contrary of any matters related thereto): (i) the Community Facilities District Resolution of Issuance, (ii) Resolution No. 2021-171 (the "Resolution of Intention"), (iii) Resolution No. 2021-172 (the "Resolution to Incur Indebtedness"), (iv) Resolution No. 2021-188 (the "Resolution of Formation"), (v) Resolution No. 2021-189 (the "Resolution Deeming it Necessary to Incur Indebtedness"), (vi) Resolution No. 2021-190 (the "Resolution Calling Election"), (vii) Resolution No. 2021-191 (the "Resolution Declaring Results"), (viii) Ordinance No. 3199 (the "Ordinance" and, together with the Resolution of Intention, the Resolution to Incur Indebtedness, the Resolution of Formation, the Resolution Deeming it Necessary to Incur Indebtedness, the Resolution Calling Election, and the Resolution Declaring Results, the "Formation Resolutions and Ordinance"), (ix) the Community Facilities District Documents, and (x) the Official Statement, relating to the Bonds, and we have made such other investigations of law and facts as we have deemed necessary to render the following opinions.

The opinions expressed herein are based on an analysis of existing statutes, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the City and the Community Facilities District.

As used in this opinion, the phrase "current actual knowledge" means knowledge as we have obtained from (i) the incumbency and signature certificate of the Community Facilities District, (ii) the representations and warranties contained in each closing certificate of the Community Facilities District, and (iii) knowledge of facts or other information currently known to lawyers in our firm who have performed legal services for the City or the Community Facilities District.

Based on the foregoing, we hereby advise you that, as of the date hereof, we are of the opinion that:

(i) the City is a municipal corporation and general law city, duly organized and existing under the Constitution and the laws of the State of California;

(ii) the Community Facilities District is duly organized and validly existing as a community facilities district under and by virtue of the Constitution and laws of the State of California (including the Community Facilities District Act);

(iii) the Community Facilities District Resolution of Issuance and the Formation Resolutions and Ordinance have been duly adopted at meetings of the City Council of the City, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolution of Issuance and the Formation Resolutions and Ordinance are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iv) the Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the Community Facilities District and constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases or seeks to restrain or to enjoin the development of property within the Community Facilities District;

(v) except as may be stated in the Official Statement, to our current actual knowledge, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the Community Facilities District, or the titles of their members and

officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the Community Facilities District Documents or under which a determination adverse to the City or Community Facilities District would have a material adverse effect upon the financial condition or the revenues of the City or Community Facilities District, questions the right of the Community Facilities District to use Special Tax levied within the Community Facilities District for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect or pledge the Special Tax levied within the Community Facilities District for the repayment of the Bonds;

(vi) to our current actual knowledge, the execution and delivery of the Bonds and the Community Facilities District Documents, and compliance with the provisions of each, will not conflict with or constitute a breach of or default under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Community Facilities District to perform its obligations under the Bonds or the Community Facilities District Documents; and

(vii) all approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Community Facilities District, to perform its obligations under the Bonds or the Community Facilities District Documents, have been obtained or made, as the case may be, and are in full force and effect.

Our opinion is further qualified by the following:

(a) We express no opinion with respect to the laws of any state or jurisdiction other than California and the United States regarding the enforceability of any transaction mentioned herein or the interpretation, authorization, execution, validity, enforceability or effect of any of the documents mentioned herein; provided further that we express no opinion with respect to California or federal tax and securities law.

(b) As Issuer's Counsel in this matter, we have not rendered financial advice to the City or to the Community Facilities District and do not represent by this opinion, or otherwise, that we reviewed or made any assessment about, nor do we express any opinion about, the ability of the Community Facilities District to pay debt service or amounts due under the Indenture, and accordingly, we offer no opinion whatsoever regarding such financial feasibility or ability to repay the Bonds.

(c) We express no opinion with respect to any indemnification, contribution, lien priority or choice of law provisions contained in the foregoing documents.

This letter is furnished by us as Issuer's Counsel. Other than the City and the Community Facilities District, no attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to you, is solely for your benefit and is not to be used, circulated, quoted or otherwise referred

to or relied upon for any other purpose or by any other person; provided, however, a copy may be included in the transcript of the proceedings for the Bonds. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

We bring to your attention the fact that our conclusions are an expression of professional judgment and are not a guarantee of a result.

Best Best & Krieger LLP
City Attorney

EXHIBIT E

$_____
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, Samuel A. Ramirez & Co., Inc. ("Ramirez"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Bond Purchase Agreement.*** On [Pricing Date] (the "Sale Date"), Ramirez and the Issuer executed a Bond Purchase Agreement (the "Purchase Agreement") in connection with the sale of the Bonds. Ramirez has not modified the Purchase Agreement since its execution on the Sale Date.

2. ***Price.***

   (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the "10% Test") was the respective price for such Maturity listed in **Schedule A** attached hereto.

   (b) [Ramirez offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as **Schedule B**.

   (c) As set forth in the Bond Purchase Agreement, Ramirez has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

   (d) [** With respect to each of the General Rule Maturities of the Bonds:

      (1) As of the date of this Certificate, Ramirez has not sold at least 10% of the Bonds of these Maturities at any single price.

(2) As of the date of this Certificate, Ramirez reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached **Schedule A** as the "Reasonably Expected Sale Prices for Undersold Maturities."

(3) Ramirez will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.

(4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Ramirez will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

2. ***Defined Terms.***

(a) *"General Rule Maturities"* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *"Hold-the-Offering-Price Maturities"* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *"Holding Period"* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Ramirez has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *"Issuer"* means the City of Ontario Community Facilities District No. 56 (Parkside/La Avienda).

(e) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. ***Reserve* Fund.** The funding of the Reserve Fund under the Indenture, and as provided in the Tax Certificate, is reasonably required, was a vital factor in marketing the Bonds, facilitated the

marketing of the Bonds at an interest rate comparable to that of bonds and other tax-exempt obligations of a similar type, and is not in excess of the amount necessary for such purpose.

4. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Ramirez's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

SAMUEL A. RAMIREZ & CO., INC.

By:_____
Managing Director

By:_____
Director

Dated: [Closing Date]

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Closing Date

Maturity/CUSIP	Coupon	Date Sold	Time Sold	Par Amount	Sale Price

[Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

Maturity/CUSIP	Coupon	Par Amount	Offering Prices

****]**

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

Maturity/CUSIP	Date Sold	Time Sold	Par Amount	Sale Price

**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

**$[PAR]
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVIENDA)
SPECIAL TAX BONDS, SERIES 2023**

The undersigned, Samuel A. Ramirez & Co., Inc. ("Ramirez"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Issue Price*.**

(a) Ramirez sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the "10% Test"). With respect to each of the _____ Maturities of the Bonds, Ramirez had not satisfied the 10% Test as of the Closing Date (the "Undersold Maturities").

(b) As of the date of this Supplemental Certificate, Ramirez has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on **Exhibit A** attached hereto.

2. ***Defined Terms.***

(a) *"Issuer"* means the City of Ontario Community Facilities District No. 56 (Parkside/La Avienda).

(b) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *"Underwriter"* means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Ramirez's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

SAMUEL A. RAMIREZ & CO., INC.

By:_____
[Title]

By:_____
[Title]

Dated:

FIRST AMENDMENT TO ACQUISITION AND FUNDING AGREEMENT

by and between

CITY OF ONTARIO

and

SC ONTARIO DEVELOPMENT COMPANY, LLC

Dated as of _____ 1, 2023

City of Ontario
Community Facilities District No. 56
(Parkside/La Avenida)

FIRST AMENDMENT TO
ACQUISITION AND FUNDING AGREEMENT

THIS FIRST AMENDMENT TO ACQUISITION AND FUNDING AGREEMENT (this "First Amendment"), dated as of _____ 1, 2023, is by and between the CITY OF ONTARIO, a general law city organized and existing under the laws of the State of California (the "City"), and SC ONTARIO DEVELOPMENT COMPANY, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the "Developer").

WITNESSETH:

WHEREAS, the City and the Developer previously entered into the Acquisition and Funding Agreement, dated as of December 1, 2021 (the "Original Acquisition Agreement"), pursuant to which, in accordance with the terms set forth therein, the Developer is to construct or cause to be constructed certain public facilities (the "Facilities") that, upon satisfaction of the conditions specified therein, the City is to acquire and take title to, and the Developer is to be paid the purchase price of, determined as set forth therein;

WHEREAS, pursuant to the Original Acquisition Agreement, such purchase price with respect to each segment of the Facilities is to be paid from the proceeds of the special tax or bonds of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District") established by the City Council of the City pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982;

WHEREAS, the Original Acquisition Agreement provides that the Original Acquisition Agreement may be amended by an instrument in writing executed and delivered by the City and the Developer; and

WHEREAS, the City and the Developer desire to enter into this First Amendment in order to amend the Acquisition Cost (as defined in the Original Acquisition Agreement) of certain of the segments of the Facilities set forth in the Original Acquisition Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1.1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Original Acquisition Agreement.

Section 1.2. Amendment to Exhibit A. Exhibit A of the Original Acquisition Agreement is hereby amended to read in full as set forth in Exhibit A hereto.

Section 1.3. Effect of First Amendment. This First Amendment and all of the terms and provisions herein contained shall form part of the Original Acquisition Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Original Acquisition Agreement. The Original Acquisition Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as

amended hereby. If there shall be any conflict between the terms of this First Amendment and the terms of the Original Acquisition Agreement (as in effect on the day prior to the effective date of this First Amendment), the terms of this First Amendment shall prevail.

Section 1.4. Counterparts. This First Amendment may be executed in counterparts, each of which shall be deemed an original.

Section 1.5. Effective Date. Upon the execution and delivery hereof by the parties hereto, this First Amendment shall be effective as of _____, 2023.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first hereinabove written.

CITY OF ONTARIO

By: _____
Scott Ochoa, City Manager

SC ONTARIO DEVELOPMENT COMPANY, LLC, a Delaware limited liability company

By: LEWIS MANAGEMENT CORP.,
a Delaware corporation - Its Sole Manager

By: _____
Bryan Goodman,
Authorized Agent

EXHIBIT A

FACILITIES

Community Facilities District Facilities

The Facilities consist of the following Components and Segments; provided, however, that each such Segment described below shall constitute a Segment for purposes of this Acquisition Agreement only if such Segment was constructed by or on behalf of the Developer singly and not jointly or in conjunction with another Member or NMC Builders (except as provided in this Exhibit with respect to Segment Nos. ST-2, ST-3 and ST-4 and with respect to certain design costs to be paid to NMC Builders):

Storm Drain System Facilities				
No.	**DIF Program Project No.**	**Component**	**Segment**	**Acquisition Cost**
SD-1	SD-045	Eucalyptus Avenue, Cucamonga Channel to west of Archibald Avenue	Construct approximately 1,300 linear feet of 36-inch and 60-inch storm drain along Eucalyptus Avenue connecting to Cucamonga Channel. Design Cost of Segment of $86,562 to be paid to NMC Builders.	$865,620

Fiber Optic System Facilities				
No.	**DIF Program Project No.**	**Component**	**Segment**	**Acquisition Cost**
FO-1	FO-004	Fiber Optic System Distribution Network	Installation of approximately 1,750 linear feet of Fiber conduit in Eucalyptus Avenue from Archibald Avenue to the Cucamonga Channel. Design Cost of Segment of $7,523 to be paid to NMC Builders.	$75,227

Streets and Traffic Circulation System Facilities				
No.	**DIF Program Project No.**	**Component**	**Segment**	**Acquisition Cost**
ST-1	ST-011	Eucalyptus Avenue from Euclid to Milliken	Construct approximately 1,100 of full half street improvements on Eucalyptus Avenue from Archibald Avenue to Parkhouse Privado. Design Cost of Segment of $37,420 to be paid to NMC Builders.	$374,200
ST-2	N/A	Last Lane Improvements	Construction of approximately 1,600 linear feet of curb adjacent lane with curb, gutter, sidewalk, and street lighting improvements on the north side of Eucalyptus Avenue, from Archibald Avenue to the Cucamonga Channel, and the traffic signal at Eucalyptus Avenue and Parkhouse Privado.	$1,253,330
ST-3	N/A	Neighborhood Edge Improvements	Construction of approximately 1,420 linear feet of neighborhood edge, landscaping, and public improvements in the right-of-way, on the north side of Eucalyptus Avenue, from Archibald Avenue to the Cucamonga Channel.	$408,676
ST-4	N/A	Neighborhood Edge Improvements	Construction of approximately 775 linear feet of neighborhood edge, landscaping, and public improvements in the right-of-way, on the west side of Archibald Avenue, from Eucalyptus Avenue to Parkside Drive.	$302,700

Total Acquisition Costs of Facilities:	**$3,279,753**

CONTINUING DISCLOSURE AGREEMENT

by and between

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
AS TRUSTEE

Dated as of _____ 1, 2023

City of Ontario
Community Facilities District No. 56
(Parkside/La Avenida)
Special Tax Bonds, Series 2023

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of _____ 1, 2023, is by and between CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA), a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Community Facilities District has issued its City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Series 2023 Bonds"), in the aggregate principal amount of $_____, pursuant to the Indenture, dated as of _____ 1, 2023 (the "Indenture"), by and between the Community Facilities District and the Trustee; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the owners and beneficial owners of the Series 2023 Bonds and in order to assist the underwriter of the Series 2023 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

"Annual Report" means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the first day of the month following the ninth month after the end of the Community Facilities District's fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

"Community Facilities District" means City of Ontario Community Facilities District No. 56 (Parkside/La Avenida), a community facilities district organized and existing under the laws of the State, and its successors.

"Disclosure Representative" means the Deputy City Treasurer of the City, or his or her designee, or such other person as the Community Facilities District shall designate in writing to the Trustee from time to time.

"Dissemination Agent" means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

"Financial Obligation" means (a) a debt obligation of the Community Facilities District, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Community Facilities District, or (c) a guarantee of (i) a debt obligation of the Community Facilities District, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Indenture" means the Indenture, dated as of _____ 1, 2023, by and between the Community Facilities District and Zions Bancorporation, National Association, as Trustee, as originally executed and as it may be modified or amended from time to time in accordance with its terms.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter" means the original underwriter of the Series 2023 Bonds required to comply with the Rule in connection with the offering of the Series 2023 Bonds.

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

"Trustee" means Zions Bancorporation, National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2022-23 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Community Facilities District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, 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 Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2023 Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(ii) The principal amount of Additional Bonds, if any, Outstanding as of the December 31 next preceding the Annual Report Date;

(iii) The balance in (A) the SC Ontario Acquisition Account, and (B) the NMC Acquisition Account, as of the December 31 next preceding the Annual Report Date;

(iv) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the December 31 next preceding the Annual Report Date;

(v) The total assessed value of all parcels within the Community Facilities District on which the Special Tax is levied, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, and a statement of assessed value-to-Bonded debt ratios therefor, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4:1," etc.);

(vi) The Special Tax delinquency rate for all parcels within the Community Facilities District, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, the number of parcels within the Community Facilities District delinquent in payment of the Special Tax as of the December 31 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of $2,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category;

(vii) The status of foreclosure proceedings and a summary of the results of any foreclosure sales as of the December 31 next preceding the Annual Report Date;

(viii) The identity of any property owner representing more than 5% of the Special Tax levy delinquent in payment of the Special Tax as of the December 31 next preceding the Annual Report Date;

(ix) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date; and

(x) A description of any changes to the Rate and Method approved by, or submitted for approval to, the qualified electors of the Community Facilities District during the period from the date of filing the prior year's Annual Report to the date of filing such Annual Report.

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 Community Facilities District or related public entities that have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the

occurrence of any of the following events with respect to the Series 2023 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix) of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Community Facilities District in a proceeding under the U.S. 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 Community Facilities District, or if such jurisdiction has been assumed by leaving the existing governmental 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 Community Facilities District.

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2023 Bonds or other material events affecting the tax status of the Series 2023 Bonds.

(ii) Modifications to rights of holders of the Series 2023 Bonds.

(iii) Series 2023 Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Series 2023 Bonds.

(v) Non-payment related defaults.

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

(vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2023 Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. The Trustee shall have no responsibility for determining the materiality of any such event, or whether any such event reflects financial difficulties.

(d) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2023 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2023 Bonds. If such termination occurs prior to the final maturity of the Series 2023 Bonds, the Community Facilities District shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Community Facilities District, so long as such amendment does not adversely affect the rights or materially increase the obligations of the Trustee), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 Series 2023 Bonds, or the 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 Series 2023 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 (i) is approved by Owners of the Series 2023 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2023 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Community Facilities District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Community

Facilities District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2023 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2023 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement and shall be reimbursed for its reasonable expenses (including attorneys' fees and expenses) incurred by it in the exercise or performance of its powers and duties hereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Community Facilities District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that any such Person may incur in the exercise or performance of the Dissemination Agent's powers and duties hereunder, including the costs and expenses (including

attorneys' fees and expenses) of defending against any claim of liability, and that are not due to such Person's negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2023 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA)

By: _____

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AS TRUSTEE

By: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Ontario Community Facilities District No. 56 (Parkside/La Avenida)

Name of Issue: City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023

Date of Issuance: _____, 2023

NOTICE IS HEREBY GIVEN that City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of _____ 1, 2023, by and between the Community Facilities District and Zions Bancorporation, National Association, as Trustee. [The Community Facilities District anticipates that such Annual Report will be filed by _____.]

Dated: _____

Zions Bancorporation, National Association, as Trustee, on behalf of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida)

cc: City of Ontario
Community Facilities District
No. 56 (Parkside/La Avenida)

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE — BOOK-ENTRY-ONLY **NO RATING**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See "TAX MATTERS" herein.

$19,435,000*
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

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

The City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 (the "Series 2023 Bonds") are being issued and delivered by the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "District") to (i) provide financing for certain authorized facilities and costs with respect thereto related to the development within the District, (ii) fund a reserve fund with respect to the Series 2023 Bonds, and (iii) pay the costs of issuance with respect to the Series 2023 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The District has been formed by and is located in the City of Ontario, California (the "City").

The Series 2023 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California), and pursuant to an Indenture, dated as of December 1, 2023, by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Series 2023 Bonds are special, limited obligations of the District and are payable solely from Net Special Tax Revenues (as defined herein), and the other assets pledged therefor under the Indenture, all as further described herein. A Special Tax (as defined herein) is to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. The City Council is the legislative body of the District.

The Series 2023 Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Series 2023 Bonds may be made in principal amounts of $5,000 and integral multiples thereof. Purchasers of Series 2023 Bonds will not receive certificates representing their beneficial ownership of the Series 2023 Bonds but will receive credit balances on the books of their respective nominees. Interest on the Series 2023 Bonds will be payable on each March 1 and September 1, commencing March 1, 2024. Principal of and interest on the Series 2023 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are expected to remit such payments to the beneficial owners of the Series 2023 Bonds. See "THE SERIES 2023 BONDS — General Provisions" and APPENDIX I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

The Series 2023 Bonds are subject to optional and mandatory redemption as described under the caption "THE SERIES 2023 BONDS — Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. EXCEPT FOR NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. THE SERIES 2023 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The purchase of the Series 2023 Bonds involves certain risks. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2023 Bonds.

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2023 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Ontario, California, as Issuer's Counsel, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Francisco, California. It is anticipated that the Series 2023 Bonds will be available for delivery to DTC or its agent in book-entry form on or about _____, 2023.

[Ramirez & Co., Inc.]

Dated: _____, 2023

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

* *Preliminary, subject to change.*

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

MATURITY SCHEDULE
BASE CUSIP[†]: 68304N

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP[†] No.*

$_____ _____% Term Bonds due September 1, 20__ Yield: _____% Price: _____ CUSIP[†] No. ___
$_____ _____% Term Bonds due September 1, 20__ Yield: _____% Price: _____ CUSIP[†] No. ___

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† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by 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 Underwriter, the City or the District or their agents or counsel assume responsibility for the accuracy of such numbers.*

CITY OF ONTARIO

CITY COUNCIL

Paul S. Leon, Mayor
Debra Dorst-Porada, Mayor Pro Tem
Jim W. Bowman, Council Member
Alan D. Wapner, Council Member
Ruben Valencia, Council Member

STAFF

Scott Ochoa, City Manager
Darlene Sanchez, Assistant City Manager
Armen Harkalyan, Executive Director of Finance
James R. Milhiser, City Treasurer
Sheila Mautz, City Clerk
Best Best & Krieger LLP, City Attorney

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

TRUSTEE

Zions Bancorporation, National Association
Los Angeles, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

PRICE POINT CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Series 2023 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the District's Continuing Disclosure Agreement, a form of which is attached hereto as APPENDIX G, neither the District nor the City plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The New Home Company Southern California, LLC and SC Ontario Development Company, LLC will also covenant in a separate Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information in this Official Statement regarding the development of its respective property within the District and notices of certain significant events. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of The New Home Company Southern California, LLC and SC Ontario Development Company, LLC are contained in Appendix H — "FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT." See "CONTINUING DISCLOSURE."

A wide variety of other information, including financial information concerning the City, is available from publications and websites of the City and others. No such information is a part of or incorporated into this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2023 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2023 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2023 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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[INSERT AREA MAP]

[INSERT AERIAL PHOTO]

$19,435,000*
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX BONDS, SERIES 2023

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices, is to provide certain information concerning the issuance of the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) Special Tax Bonds, Series 2023 in the aggregate principal amount set forth on the front cover page (the "Series 2023 Bonds"). The proceeds of the Series 2023 Bonds will be used to finance certain public facilities and costs with respect thereto related to the development within the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) (the "District"), to fund a reserve fund for the Series 2023 Bonds (the "Reserve Fund"), and to pay costs of issuance of the Series 2023 Bonds.

The Series 2023 Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and pursuant to the Indenture, dated as of December 1, 2023 (the "Indenture"), by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Series 2023 Bonds are secured under the Indenture by a pledge of, constituting a lien on and security interest in, the Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established pursuant to the Indenture.

All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions" herein.

The District

The District is located in the southwestern portion of San Bernardino County (the "County"), in the southern portion of the City of Ontario (the "City") within an area known as "Ontario Ranch." More specifically, the District is generally located north of the San Bernardino/Riverside County line, west of Haven Avenue, east of the Cucamonga Channel, and south of Shaefer Avenue (and south of State Route 60). The development within the District is part of a multiple phase, multiple master-planned community development known as "Ontario Ranch." Ontario Ranch is planned to contain over 3,500 acres. At full buildout, Ontario Ranch is expected to include approximately 18,000 dwelling units, approximately 2.9 million square feet of industrial space, approximately 1.5 million square feet of commercial and retail space and over 500,000 square feet of business park space. While much of Ontario Ranch is raw vacant land, many planned communities within the east side of Ontario Ranch have been completed or are currently under construction. The City estimates that approximately 4,000 dwelling units have been built within Ontario Ranch to date.

* *Preliminary, subject to change.*

The District consists of three non-contiguous tract maps, with each tract map also comprising a separate tax zone. Tax Zone 1 consists of Tract Map No. 20298, Tax Zone 2 consists of Tract Map No. 20316 and Tax Zone 3 consists of Tract Map No. 20389. The District is currently being developed by three separate merchant builders (collectively, the "Merchant Builders") with a total of 482 single-family homes. The District also includes a remainder vacant parcel within Tax Zone 2 owned by SC Ontario Development Company, LLC, the master developer within the District (the "Master Developer"). As of August 7, 2023, of the 482 homes under active development across all three communities within the District, 224 had been conveyed to individual homeowners and the Merchant Builders collectively owned (or were responsible for paying the Special Tax for) 15 model homes, 53 homes over 95% complete, 128 homes in various stages of construction and 62 finished lots. In addition to NUVO Parkside being developed by New Home Company (as described below), the vacant parcel within Tax Zone 2 (the "Vacant Parcel") is currently generally in a superpad condition and has entitlements per the Parkside Specific Plan for 236 units. The Master Developer is in the process of entitling the Vacant Parcel and intends to market the sale of the Vacant Parcel to one or more merchant builders in the next 24 months; however, there can be no assurance that all or any portion of the Vacant Parcel will be marketed and sold to merchant builders. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Master Developer."

Tax Zone 1 is being developed by Woodside 05S LP ("Woodside") into a neighborhood known as "Cambridge Court." Cambridge Court is being developed with 106 single-family detached homes arranged in a conventional single-family detached style with some motor courts. As of August 7, 2023 and within Cambridge Court, 62 single-family homes had been conveyed to individual homeowners and Woodside owned three model homes, 12 homes over 95% complete, 22 homes in various stages of construction and seven finished lots. As of October 1, 2023, _____ single family homes within Cambridge Court had been conveyed to individual homeowners and Woodside owned _____ completed homes, _____ homes in various stages of construction and _____ finished lots.

A portion of Tax Zone 2 is being developed by The New Home Company Southern California, LLC ("New Home Company") into a neighborhood known as "NUVO Parkside." NUVO Parkside is being developed with 303 single-family homes, all of which are detached but range in style from motor court clusters to alley load. As of August 7, 2023 and within NUVO Parkside, 161 single-family homes had been conveyed to individual homeowners and New Home Company owned eight model homes, 22 homes over 95% complete and 61 homes in various stages of construction. As of August 7, 2023, the remaining 51 lots within NUVO Parkside were owned by Arroyo Cap II-1, LLC ("Arroyo" or the "New Home Company Landbank"), which is a land-banking entity from which New Home Company is purchasing the lots within NUVO Parkside in phased takedowns. As of August 7, 2023, 19 of the lots owned by Arroyo were in various stages of construction and 32 lots were in a finished lot condition. While Arroyo owns lots within NUVO Parkside, New Home Company is contractually obligated under an Option Agreement (as defined under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—New Home Company") for paying all taxes and fees associated with the property owned by Arroyo, including the Special Tax (as defined herein). For more information regarding Arroyo and the land-banking arrangement between Arroyo and New Home Company, see the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—New Home Company." As of October 1, 2023, 176 single family homes within NUVO Parkside had been conveyed to individual homeowners and New Home Company owned _____ completed homes, _____ homes in various stages of construction and _____ finished lots.

Tax Zone 3 is being developed by Lennar Homes of California, LLC ("Lennar") into a neighborhood known as "Fairhaven at Park Place." Fairhaven at Park Place is being developed with 73 single-family detached homes arranged in motor courts. As of August 7, 2023, one home within Fairhaven at Park Place had been conveyed to an individual homeowner and Lennar owned four model homes, 19 homes over 95% complete, 26 homes in various stages of construction and 23 finished lots. As of October 1, 2023, 19 homes within Fairhaven at Park Place have been conveyed to individual homeowners and Lennar owned five completed model homes, 34 homes in various stages of construction, and 15 finished lots.

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

Pursuant to the Act, on November 16, 2021 the City Council of the City (the "City Council") adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of a special tax on taxable property within the boundaries of the District based on a rate and method of apportionment, and to have the District incur bonded indebtedness.

Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling a special election to submit the levy of a special tax and the incurring of bonded indebtedness to the qualified voters of the District. On December 21, 2021, at an election held pursuant to the Act, the Master Developer, Woodside, Arroyo, Lennar and New Home Company, the qualified voters within the District at the time of the election, authorized the District to incur bonded indebtedness in the aggregate principal amount of not to exceed $75,000,000 and approved a rate and method of apportionment of the special tax for the District to pay, among other things, the principal of and interest on the bonds of the District (the "Rate and Method").

A Notice of Special Tax Lien was recorded in the office of the Assessor-Recorder-County Clerk's office of the County of San Bernardino on December 22, 2021 as Doc# 2021-0571002. On January 18, 2022, the City Council adopted an ordinance authorizing the levy of the special tax in accordance with the Rate and Method.

The Rate and Method provides for a special tax (the "Special Tax") to be levied for the Special Tax A Requirement. Under the Rate and Method, "Special Tax A Requirement" is defined to mean for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established under the Indenture, for the District to: (i) pay debt service on all Outstanding Bonds (as defined herein) which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including, but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay a pro rata share of Administrative Expenses (as defined in the Rate and Method); (iv) provide any amounts required to establish or replenish any reserve fund for the Bonds; (v) pay directly for acquisition or construction of Facilities (as defined in the Rate and Method), or the cost of Services (as defined in the Rate and Method), to the extent that the inclusion of such amounts does not increase the Special Tax A levy on Final Mapped Property (as defined in the Rate and Method) or Undeveloped Property (as defined in the Rate and Method); (vi) provide an amount equal to Special Tax A delinquencies based on the historical delinquency rate for the Special Tax A as determined by the CFD Administrator (as defined in the Rate and Method). The Special Tax A will be levied against certain property within the District pursuant to the Act, the Ordinance approving the levy of the Special Tax and the Indenture and in accordance with the Rate and Method. Under the Indenture, the portion of the Special Tax levied under the Rate and Method to pay for Services is not pledged to the payment of the Series 2023 Bonds or any Additional Bonds.

Upon the issuance of the Series 2023 Bonds, a principal amount of $55,565,000* will remain authorized but unissued. Pursuant to the Indenture, the District may issue additional indebtedness secured by the Net Special Tax Revenues (as such term is defined herein) on a parity with the Series 2023 Bonds ("Additional Bonds" and, together with the Series 2023 Bonds, the "Bonds"), subject to certain conditions, for

* *Preliminary, subject to change.*

the purposes of providing funds to pay costs of the Facilities, providing funds to refund any Bonds previously issued, providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds and providing funds to make any deposit to the Reserve Fund required by the Indenture. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Additional Bonds." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Tax may be levied on the property within the District. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

Security and Sources of Payment for the Series 2023 Bonds

Under the Indenture, the District has pledged to repay the Series 2023 Bonds from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. The Indenture defines "Net Special Tax Revenues" to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term "Special Tax Revenues" is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, other than proceeds of the Special Tax levied to pay the costs of Services received by or on behalf of the District, including any prepayments 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 Tax, which will be limited to the amount of said lien and interest and penalties thereon. "Services" has the meaning set forth in the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." "Administrative Expenses" is defined in the Indenture to mean any reasonably necessary or appropriate expenses incurred in the administration of the District and the Bonds, including, but not limited to (a) the administrative and legal costs of levying and collecting the Special Tax (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnification due the Trustee, (c) the costs incurred with on-going disclosure in connection with the Bonds, (d) the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (e) the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (f) an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and an allocable share of City general administrative overhead related thereto.

"Special Tax" is defined in the Indenture to mean the special tax described and defined in the Rate and Method as "Special Tax A" approved by the qualified electors to be levied within the District pursuant to the Act and the Rate and Method.

The Series 2023 Bonds have been structured so that Assigned Special Tax A rates set forth in the Rate and Method that may be levied within the District, based on the 482 parcels of Developed Property shown in the projected Fiscal Year 2024-25 Special Tax levy, are at least 110% of debt service on the Series 2023 Bonds in each Bond Year, net of estimated Administrative Expenses.

Net Special Tax Revenues are the primary security for the repayment of the Series 2023 Bonds. In the event that Net Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Series 2023 Bonds are the amounts held by the Trustee for such purpose in the Special Tax Fund, the Bond Fund and the Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. THE SERIES 2023 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX

REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Description of the Series 2023 Bonds

The Series 2023 Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Series 2023 Bonds (the "Beneficial Owners") in the denominations of $5,000 and any integral multiple thereof under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2023 Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Series 2023 Bonds, the Series 2023 Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

Principal of, premium, if any, and interest on the Series 2023 Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Series 2023 Bonds, the Beneficial Owners will become the registered owners of the Series 2023 Bonds and will be paid principal and interest by the Trustee, all as described herein. See APPENDIX I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

The Series 2023 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein. For a more complete description of the Series 2023 Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE SERIES 2023 BONDS" and APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

Appraisal Report

The District has obtained an appraisal of the Taxable Property (as defined herein) included in the District with a date of value as of August 7, 2023 (the "Appraisal" or "Appraisal Report"). The Appraisal was prepared for the District by Kitty Siino & Associates, Inc., Tustin, California (the "Appraiser"). Subject to the limitations set forth in the Appraisal, the Appraiser is of the opinion that, as of August 7, 2023, the minimum market value of the property within the District was not less than $226,550,046 (the "Appraised Value"). See "THE COMMUNITY FACILITIES DISTRICT— Property Values" and "THE COMMUNITY FACILITIES DISTRICT — Value-to-Lien Ratios." A copy of the Appraisal is included as APPENDIX B to this Official Statement. It is a condition precedent to the issuance of the Series 2023 Bonds that the Appraiser deliver a certificate stating that nothing has come to the attention of the Appraiser subsequent to the date of value of the Appraisal that would lead the Appraiser to believe that the value of the Taxable Property in the District is less than the minimum market value of such property reported in the Appraisal.

Price Point Studies

In connection with the approval of the Rate and Method, the City hired Empire Economics, Inc., Capistrano Beach, California (the "Price Point Consultant"), to prepare a price point study of the prices of the homes planned within each of the Tax Zones within the District (each an "Original Price Point Study" and, collectively, the "Original Price Point Studies"). The Special Tax rates set forth in the Rate and Method were based in part on the prices set forth in the Original Price Point Studies. In connection with and in preparation for the issuance of the Series 2023 Bonds, the City hired the Price Point Consultant to conduct an update to each of the Original Price Point Studies (each an "Updated Price Point Study" and, collectively, the "Updated Price Point Studies"). Pursuant to Section C of the Rate and Method, upon the issuance of Bonds, the City is

required to amend the Assigned Special Tax (as defined in the Rate and Method) to the extent necessary to cause the total effective tax burden for residential property to not exceed 1.95% of the minimum sales prices for Tax Zones 1 and 2 and, for Tax Zone 3, to not exceed 2.34% of the minimum sales price for Single Family Detached Property and 2.64% of the minimum sales price for Single Family Attached Property (as such terms are defined in the Rate and Method), set forth in the applicable Updated Price Point Study. Based on the Updated Price Point Studies provided by the Price Point Consultant, the City will reduce certain of the Assigned Special Tax rates set forth in Section C of the Rate and Method for certain of the Tax Zones, as the total effective tax burden applicable to each land use class of residential property to be constructed within the District will not exceed 1.95%, 2.34% or 2.64%, as applicable, of the minimum sales prices set forth in the Updated Price Point Studies. Copies of the Updated Price Point Studies are included as APPENDIX C to this Official Statement. See "SECURITY AND SOURCES FOR THE SERIES 2023 BONDS — Rate and Method of Apportionment." The Fiscal Year 2024-25 Special Tax rates shown in this Official Statement reflect such reductions.

Professionals Involved in the Offering

Zions Bancorporation, National Association, Los Angeles, California, will act as Trustee under the Indenture. Samuel A. Ramirez & Co., Inc. is the Underwriter of the Series 2023 Bonds. The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. CSG Advisors Incorporated, San Francisco, California, is acting as Municipal Advisor for the District in connection with the Series 2023 Bonds. Kitty Siino & Associates, Inc., Tustin, California, is acting as the Appraiser to the District. Goodwin Consulting Group, Inc. is acting as the Special Tax Consultant to the District. Empire Economics, Inc. is acting as the Price Point Consultant to the District. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Ontario, California, in its capacity as Issuer's Counsel, and Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Francisco, California.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Series 2023 Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

The District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system available on the Internet at *http://emma.msrb.org* ("EMMA") certain annual financial information and operating data. The District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "CONTINUING DISCLOSURE — The District" herein. See the form of District Continuing Disclosure Agreement attached as APPENDIX G hereto (the "District Continuing Disclosure Agreement") for a description of the specific nature of the annual reports to be filed by the District and notices of listed events to be provided by the District.

In addition, New Home Company and the Master Developer will each agree to provide or cause to be provided to EMMA certain information on a semi-annual basis with respect to their respective property ownership and development within the District and notice of certain listed events until satisfaction of certain conditions set forth in a Developer Continuing Disclosure Agreement (the "Developer Continuing Disclosure Agreement"). See "CONTINUING DISCLOSURE — New Home Company" and "—The Master Developer" herein. See the form of the Developer Continuing Disclosure Agreement attached as APPENDIX H hereto for a description of the specific nature of the semi-annual reports to be filed by New Home Company and the Master Developer, and notices of listed events to be provided by New Home Company and the Master Developer.

Series 2023 Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Series 2023 Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2023 Bonds.

Other Information

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

Brief descriptions of the Series 2023 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Series 2023 Bonds and the constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Series 2023 Bonds, by reference to the Indenture.

Copies of the Indenture, the District Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 303 East "B" Street, Ontario, California 91764, Attention: City Manager.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Series 2023 Bond proceeds and certain other amounts.

Sources:	
Principal Amount of the Series 2023 Bonds	$
Less: Net Original Issue Discount	
Less: Underwriter's Discount	
Plus: Funds on Hand[(1)]	
Total	$
Uses:	
SC Ontario Acquisition Account of the Improvement Fund[(2)]	$
NMC Acquisition Account of the Improvement Fund[(3)]	
Administrative Expense Fund	
City Facilities Account of the Improvement Fund	
City Park Account of the Improvement Fund	
Reserve Fund[(4)]	
Costs of Issuance Fund[(5)]	
Total	$

(1) Includes a portion of the Special Tax collected for Fiscal Year 2022-23.
(2) Reflects amounts owed or to be owed to the Master Developer, for the construction of eligible facilities under the Act.
(3) Reflects amounts owed or to be owed to NMC Builders, LLC for the construction of eligible facilities under the Act.
(4) Equal to the initial Reserve Requirement.
(5) Includes fees of Bond Counsel and Disclosure Counsel, printing costs, municipal advisor fees, Trustee fees, Appraiser fees, Price Point Consultant fees and other costs of issuance of the Series 2023 Bonds.

THE SERIES 2023 BONDS

General Provisions

The Series 2023 Bonds will be issued in fully registered form without coupons in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations"). The Series 2023 Bonds will be dated the date of issuance thereof. The Series 2023 Bonds are scheduled to mature on September 1, in the years and in the principal amounts, and will bear interest at the rates per annum, shown on the inside front cover page of this Official Statement. Interest on the Series 2023 Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing March 1, 2024 (each an "Interest Payment Date"). Interest on each Series 2023 Bond will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) such Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day (the "Record Date") in which event interest thereon will be payable from such Interest Payment Date, (ii) such Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date or (iii) interest on such Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been previously paid or duly provided for.

The interest on, and principal of and redemption premiums, if any, on the Series 2023 Bonds are payable in lawful money of the United States of America. Interest is payable by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date (except that interest on any Series 2023 Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be payable on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee pursuant to the Indenture). Payment of principal of any Series 2023 Bond will be made only upon presentation and surrender thereof at maturity or upon earlier redemption at the Office of the Trustee.

The Series 2023 Bonds will initially be issued in book-entry form, and DTC will act as securities depository. So long as the Series 2023 Bonds are held in book-entry form, principal of, premium, if any, and interest on the Series 2023 Bonds will be paid by the Trustee directly to DTC for distribution to the Beneficial Owners of the Series 2023 Bonds in accordance with procedures adopted by DTC. See APPENDIX I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM."

The Series 2023 Bonds are not general or special obligations of the City but are special, limited obligations of the District payable solely from Net Special Tax Revenues and the other amounts held under the Indenture in the Special Tax Fund, the Bond Fund and the Reserve Fund. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof, is pledged to the payment of the Series 2023 Bonds. See "SPECIAL RISK FACTORS — Bonds Are Limited Obligations."

Redemption*

Optional Redemption. The Series 2023 Bonds maturing on and after September 1, 20__, shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__ from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	*Redemption Price*
September 1, 20__ and 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

Mandatory Redemption from Special Tax Prepayments. The Series 2023 Bonds are subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of Special Tax prepayments required to be applied thereto and any related proportional amounts in the Reserve Fund required to be applied thereto pursuant to the Indenture (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Reserve Fund") at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	*Redemption Price*
March 1, 2024 through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

See the caption "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments" for a discussion of the potential for a lower than expected yield on the Series 2023 Bonds as a result of a special mandatory redemption from Special Tax prepayments.

Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	*Principal Amount to be Redeemed*
	$

(Maturity)

If some but not all of the Series 2023 Bonds maturing September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as

* *Preliminary, subject to change*.

designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2023 Bonds maturing September 1, 20__ so optionally redeemed. If some but not all of the Series 2023 Bonds maturing September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture described above, the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2023 Bonds maturing September 1, 20__ so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Series 2023 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	***Principal Amount to be Redeemed***
	$

(Maturity)

If some but not all of the Series 2023 Bonds maturing September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2023 Bonds maturing September 1, 20__ so optionally redeemed. If some but not all of the Series 2023 Bonds maturing September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture described above, the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2023 Bonds maturing September 1, 20__ so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption (i) with respect to any optional redemption of Bonds of a Series, among maturities of the Bonds of such Series as directed in a Written Request of the District, and (ii) with respect to any mandatory redemption of Bonds from Special Tax prepayments, among maturities of all Series of Bonds on a *pro rata* basis as nearly as practicable. The Trustee shall select for redemption the Bonds of the same Series with the same maturity by lot in any manner that the Trustee, in its sole discretion, shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond that may be separately redeemed.

Notice of Redemption. If the Bonds are held in book-entry form, notice of redemption will be mailed to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry system. Neither the District

nor the Trustee is responsible for giving notice of redemption to the Beneficial Owners. See APPENDIX I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

The Indenture provides that the Trustee on behalf and at the expense of the District will give notice of any redemption by first-class mail to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice of redemption will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole). The notice of redemption will require that the Bonds to be redeemed be surrendered at the Office of the Trustee for redemption at the Redemption Price, and give notice that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, is held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof will have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Debt Service Schedule

Year Ending September 1	*Principal*	*Interest*	*Total*
2024	$	$	$
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
Total	**$**	**$**	**$**

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

General

The Series 2023 Bonds are special, limited obligations of the District payable solely from Net Special Tax Revenues and the other assets pledged therefor under the Indenture. The Indenture defines "Net Special Tax Revenues" to mean Special Tax Revenues less amounts required to pay Administrative Expenses. Under the Indenture, the portion of the Special Tax levied under the Rate and Method to pay for Services (as defined in the Rate and Method) is not pledged to the payment of the Series 2023 Bonds or any Additional Bonds. Accordingly, the term "Special Tax Revenues" is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, other than proceeds of the Special Tax levied to pay the costs of Services received by or on behalf of the District, including any prepayments 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 Tax (which shall be limited to the amount of said lien and interest and penalties thereon). The Indenture defines the term "Special Tax" as the special tax described and defined in the Rate and Method as "Special Tax A" approved by the qualified electors to be levied within the District pursuant to the Act and the

Rate and Method. "Services" has the meaning set forth in the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." "Administrative Expenses" is defined in the Indenture to mean any reasonably necessary or appropriate expenses incurred in the administration of the District and the Bonds, including, but not limited to (a) the administrative and legal costs of levying and collecting the Special Tax (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Tax), (b) the fees, costs and indemnification due the Trustee, (c) the costs incurred with on-going disclosure in connection with the Bonds, (d) the costs incurred in connection with the disclosure of the Special Tax to property owners and potential purchasers of property, (e) the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (f) an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and an allocable share of City general administrative overhead related thereto.

Under the Rate and Method, parcels of Taxable Property are classified as Developed Property (each as defined in the Rate and Method) if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy. In Fiscal Year 2022-23, the first year the Special Tax was levied in the District, the Special Tax was levied in the amount of $651,782 on 210 units classified as Developed Property. As of May 1, 2023, 386 parcels of Taxable Property were classified as Developed Property for Fiscal Year 2023-24. Accordingly, in Fiscal Year 2023-24, the Special Tax was levied in the amount of $1,213,550 on such 386 parcels of Developed Property. Between May 1, 2023 and August 7, 2023, the remaining building permits were issued for all 482 residential units under active construction within the District. Accordingly, based on the development status within the District as of August 7, 2023, 482 parcels of Taxable Property will be classified as Developed Property for purposes of the projected Fiscal Year 2024-25 Special Tax levy and each fiscal year thereafter. See "THE COMMUNITY FACILITIES DISTRICT — Delinquency History." Under no circumstances may the amount of Special Tax levied by the District in any year exceed the maximum rates approved by the qualified electors within the District, as set forth in the Rate and Method. A copy of the Rate and Method is attached to this Official Statement as APPENDIX A.

In addition to the Net Special Tax Revenues, any other amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund are pledged pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Series 2023 Bonds and any Additional Bonds in accordance with their respective terms, the Indenture and the Act. However, those amounts are pledged subject to the provisions of the Indenture permitting the application thereof for the purposes set forth in the Indenture. Amounts on deposit in the Improvement Fund, the Costs of Issuance Fund, the Redemption Fund, the Administrative Expense Fund and the Rebate Fund are not pledged to the payment of any of the Series 2023 Bonds or any Additional Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2023 BONDS. THE SERIES 2023 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Tax

Pursuant to the Act, on November 16, 2021 the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of the special tax on taxable property within the boundaries of the District based on a rate and method of apportionment, and to have the District incur bonded indebtedness. On December 21, 2021, at an election held pursuant to the Act, the Master Developer,

Woodside, Arroyo, Lennar Homes and New Home Company, the qualified voters within the District at the time of the election, authorized the District to incur bonded indebtedness in the aggregate principal amount of not to exceed $75,000,000 and approved the Rate and Method.

Pursuant to Section C of the Rate and Method, prior to the issuance of the Series 2023 Bonds, the City is required to determine if the Assigned Special Tax A (as defined in the Rate and Method) is required to be reduced to the extent necessary to cause the total effective tax burden for residential property to not exceed 1.95% of the minimum sales prices for Tax Zones 1 and 2 and, for Tax Zone 3, to not exceed 2.34% of the minimum sales price for Single Family Detached Property and 2.64% of the minimum sales price for Single Family Attached Property (as such terms are defined in the Rate and Method), in each case as set forth in the applicable Updated Price Point Study, all as further described in Section C of the Rate and Method. Copies of the Updated Price Point Studies are included as APPENDIX C to this Official Statement. Based on the conclusions of the Updated Price Point Studies, the City will amend the Rate and Method in connection with the issuance of the Series 2023 Bonds to reduce the Assigned Special Tax A within certain of the Tax Zones. See "— Rate and Method of Apportionment" below. The Fiscal Year 2024-25 Special Tax rates shown in this Official Statement reflect such reductions.

Pursuant to the Indenture, the District has covenanted that it will fix and levy the Special Tax in each Fiscal Year in accordance with the Rate and Method in an amount sufficient (subject to the limitations contained in the Rate and Method as to the maximum Special Tax that may be levied on each parcel) to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the Funds and Accounts established under the Indenture. See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Covenants Under the Indenture." Notwithstanding this covenant, the amount of Special Tax actually collected each year may be less than the amount described for a variety of different reasons. See "SPECIAL RISK FACTORS — Levy of the Special Tax."

The Series 2023 Bonds have been structured so that Assigned Special Tax A rates set forth in the Rate and Method that may be levied within the District, based on the 482 parcels of Developed Property shown in the projected Fiscal Year 2024-25 Special Tax levy, are at least 110% of debt service on the Series 2023 Bonds in each Bond Year, net of estimated Administrative Expenses. The Special Tax levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." There is no assurance that the Net Special Tax Revenues will, in all circumstances, be adequate to pay the principal of and interest on the Series 2023 Bonds when due. Pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default. See "SPECIAL RISK FACTORS — Levy of the Special Tax" and "SPECIAL RISK FACTORS — Exempt Properties."

Rate and Method of Apportionment

General. The Rate and Method is to be applied by the District each Fiscal Year for the purpose of determining the amount of the Special Tax A to be levied against each Assessor's Parcel of Taxable Property within the District. For purposes of the discussion of the Rate and Method only, terms with initial capital letters that are not otherwise defined in this Official Statement shall have the respective meanings assigned to them in the Rate and Method, a copy of which appears in APPENDIX A.

Under the terms of the Indenture, prior to August 1 of each year, the District will ascertain from the County Assessor the relevant parcels on which the Special Tax is to be levied, taking into account any parcel splits during the preceding and then current year. The District will levy the Special Tax by August 10 of each

Fiscal Year that the Series 2023 Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which the auditor of the County (the "Auditor") will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the District will prepare, or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Tax on the next real property tax roll.

The Special Tax levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. There is no assurance that the proceeds of the Special Tax will, in all circumstances, be adequate to pay the principal of and interest on the Series 2023 Bonds when due. See "SPECIAL RISK FACTORS — Levy of the Special Tax" herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and has covenanted to cause the levy of the Special Tax in an amount determined according to a methodology, *i.e.*, the Rate and Method, which the City Council and the qualified elector within the District have approved. The Rate and Method apportions the total amount of the Special Tax to be collected among the Taxable Property in the District as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The meanings of the capitalized but undefined terms used in this section are as set forth in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the Rate and Method attached as APPENDIX A.

"*CFD Administrator*" means an official of the City responsible for determining the Special Tax A Requirement and the Special Tax B Requirement, providing for the levy and collection of the Special Tax, and performing other duties provided for in the Rate and Method.

"*Developed Property*" means, for each Fiscal Year, all Taxable Property, exclusive of Final Mapped Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a building permit or other applicable permit for new construction was issued after January 1, 2021, and before May 1 of the prior Fiscal Year.

"*Final Mapped Property*" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, which as of January 1 of the previous Fiscal Year was located within a Final Subdivision Map. The term Final Mapped Property shall include any parcel map or Final Subdivision Map, or portion thereof, that creates individual lots for which a building permit may be issued, including Parcels that are designated as a remainder Parcel (i.e., one where the size, location, etc., precludes any further subdivision or taxable use).

"*Lower Income Household Welfare Exemption Property*" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of the District that is subject to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the most recent County assessor's roll finalized prior to such Fiscal Year.

"*Residential Floor Area*" means all of the Square Footage of living area within the perimeter of a Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be as set forth in the building permit(s) issued for such Assessor's Parcel, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by the District. The actual Square Footage shall be rounded up to the next

whole square foot. Once such determination has been made for an Assessor's Parcel, it shall remain fixed in all future Fiscal Years unless an appeal pursuant to Section F of the Rate and Method is approved that results in a change in the actual Square Footage.

"*Special Taxes*" means, collectively, Special Tax A and Special Tax B.

"*Special Tax A*" means the special tax authorized by the qualified electors of the District to be levied within the boundaries of the District to pay for Facilities and Services.

"*Special Tax A Requirement*" means, for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established under the Indenture, for the District to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including, but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay a pro rata share of Administrative Expenses; (iv) provide any amounts required to establish or replenish any reserve fund for the Bonds; (v) pay directly for acquisition or construction of Facilities, or the cost of Services, to the extent that the inclusion of such amounts does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; (vi) provide an amount equal to Special Tax delinquencies based on the historical delinquency rate for the Special Tax A as determined by the CFD Administrator.

"*Special Tax B*" means the special tax authorized by the qualified electors of the District to be levied within the boundaries of the District to pay for Services.

"*Special Tax B Requirement*" means, for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established to pay for Services, to pay the costs of Services, a pro rata share of Administrative Expenses, and an amount equal to Special B delinquencies based on the historical delinquency rate for Special Tax B as determined by the CFD Administrator.

"*Taxable Property*" means, for each Fiscal Year, all of the Assessor's Parcels within the boundaries of the District which are not exempt from the Special Tax pursuant to law or described below under the subheading "— *Exempt Property*."

"*Taxable Property Owner Association Property*" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E of the Rate and Method.

"*Taxable Public Property*" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to Section E of the Rate and Method.

"*Tax Zone*" means a mutually exclusive geographic area, within which particular Special Taxes may be levied pursuant to the Rate and Method. Attachment 1 to the Rate and Method identifies the three Tax Zones in the District.

"*Undeveloped Property*" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Public Property, or Taxable Property Owner Association Property.

Exempt Property. In Tax Zone 1, no Special Tax will be levied on up to 3.18 Acres of Property Owner Association Property. In Tax Zone 2, no Special Tax will be levied on up to 19.08 Acres of Public Property and up to 1.32 Acres of Property Owner Association Property. In Tax Zone 3, no Special Tax shall be levied on up to 0.52 Acres of Public Property and up to 3.20 acres of Property Owner Association Property. Tax-exempt status in each Tax Zone will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. Property Owner

Association Property or Public Property that is not exempt from the Special Tax A under Section E of the Rate and Method, will be subject to the levy of Special Tax A and will be taxed Proportionately as part of the fifth or sixth step, respectively, in Section D of the Rate and Method and described under the caption "*—Method of Apportionment of Special Tax*" below, up to 100% of the applicable Maximum Special Tax A for Taxable Property Owner Association Property and Taxable Public Property. No Special Tax A will be levied in any Fiscal Year on Assessor's Parcels that have fully prepaid the Special Tax A obligation pursuant to the formula set forth in Section H of the Rate and Method.

Under the Rate and Method, no Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with the Rate and Method based on the Land Use Class to which the Assessor's Parcel is assigned. Senate Bill 1473, the "Local Government Omnibus Act of 2020," amended Government Code Section 53340(c) to provide that in a community facilities district in which the levy of a special tax is authorized by an ordinance adopted on or after January 1, 2020, a property receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code shall be exempt from the special tax unless debt is outstanding and the property was subject to the special tax prior to receiving the exemption, in which case the property shall remain subject to the special tax and the special tax shall be enforceable against the property. Therefore, pursuant to the Rate and Method and California law, and given that no property is subject to the welfare exemption as of the date hereof, the Special Tax shall be applicable to Lower Income Household Welfare Exemption Property so long as the Bonds are outstanding.

Maximum Special Tax, Assigned Special Tax and Backup Special Tax. The Maximum Special Tax A, Assigned Special Tax A and Backup Special Tax A for the Special Tax A provided for in the Rate and Method is as follows:

Special Tax A.

Developed Property. The Maximum Special Tax A that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property will be the greater of (i) the amount derived by application of the Assigned Special Tax A or (ii) the amount derived by application of the Backup Special Tax A.

Assigned Special Tax. Pursuant to the Rate and Method of Apportionment, the Assigned Annual Special Tax A for Developed Property in the District will be calculated using the rates shown in Table 1 below. As described above under the captions "INTRODUCTION—Price Point Studies" and "—Special Tax," certain of the rates set for in the Rate and Method will be reduced in connection with the issuance of the Series 2023 Bonds based on the Updated Price Point Studies and pursuant to Section C of the Rate and Method. Table 1 below reflects such reduced rates.

TABLE 1
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
ASSIGNED SPECIAL TAX A RATES
DEVELOPED PROPERTY[(1)]

Residential Floor Area (Sq. Ft.)	*Assigned Special Tax A[(2)*]*
Tax Zone 1	
Single Family Property	
<1,801	$ 2,758 per Unit
1,801-1,900	2,845 per Unit
1,901-2,000	2,868 per Unit
2,001-2,100	2,935 per Unit
2,101-2,200	3,066 per Unit
2,201-2,300	3,102 per Unit
2,301-2,400	3,169 per Unit
2,401-2,500	3,255 per Unit
>2,500	3,349 per Unit
Other Residential Property	48,482 per Acre
Non-Residential Property	48,482 per Acre
Tax Zone 2	
Single Family Property	
<901	$ 2,184 per Unit
901-1,000	2,371 per Unit
1,001-1,100	2,542 per Unit
1,101-1,200	2,693 per Unit
1,201-1,300	2,924 per Unit
1,301-1,400	3,175 per Unit
1,401-1,500	3,283 per Unit
1,501-1,600	3,340 per Unit
1,601-1,700	3,436 per Unit
1,701-1,800	3,561 per Unit
1,801-1,900	3,778 per Unit
1,901-2,000	4,055 per Unit
>2,000	4,192 per Unit
Other Residential Property	76,571 per Acre
Non-Residential Property	76,571 per Acre
Tax Zone 3	
Single Family Detached Property	
<1,101	$ 2,508 per Unit
1,101-1,300	2,694 per Unit
1,301-1,500	3,301 per Unit
1,501-1,700	3,306 per Unit
1,701-1,900	3,620 per Unit
1,900-2,100	4,013 per Unit
>2,100	4,357 per Unit
Single Family Attached Property	
<1,301	$ 2,716 per Unit
1,301-1,500	2,880 per Unit
1,501-1,700	3,452 per Unit
1,701-1,900	3,554 per Unit
>1,900	3,885 per Unit
Other Residential Property	125,970 per Acre
Non-Residential Property	125,970 per Acre

* *Preliminary; subject to change*.

(1) Reflects the reduced Assigned Special Tax A rates calculated pursuant to Section C.1 of the Rate and Method.

(2) Pursuant to the Rate and Method, the Maximum Special Tax A that may be levied in any fiscal year for each parcel of Developed Property shall be the greater of the Assigned Special Tax A or the Backup Special Tax A.

Source: Goodwin Consulting Group, Inc.

Backup Special Tax A. The Backup Special Tax for an Assessor's Parcel of Developed Property is $3,009* per Unit for Single Family Property in Tax Zone 1, $3,171* in Tax Zone 2 and $3,478* in Tax Zone 3, although subject to adjustment as set forth in Section C.1.a.(3) of the Rate and Method.

Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property and Undeveloped Property. The Maximum Special Tax for Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property is $48,482* per Acre in Tax Zone 1, $76,571* per Acre in Tax Zone 2 and $125,970* in Tax Zone 3, and is not subject to increase or reduction and, therefore, will remain the same in every Fiscal Year.

Method of Apportionment of Special Tax. Each Fiscal Year, beginning with Fiscal Year 2022-23, the CFD Administrator will determine the Special Tax A Requirement and, subject to the Maximum Special Tax A rates described above, the Special Tax will then be levied as follows:

First: If needed to satisfy the Special Tax A Requirement, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A;

Second: If additional monies are needed to satisfy the Special Tax A Requirement after the first step has been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property up to 100% of the Maximum Special Tax A for Final Mapped Property;

Third: If additional monies are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A for Undeveloped Property;

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

Fifth: If additional monies are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to the Maximum Special Tax A for Taxable Property Owner Association Property; and

Sixth: If additional monies are needed to satisfy the Special Tax A Requirement after the first five steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax A for Taxable Public Property.

Notwithstanding the above, under no circumstances shall the Special Tax A levied in any Fiscal Year on any Assessor's Parcel of Single Family Property or Other Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels within the District by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

Under the Indenture, neither the portion of the Special Tax A levied under the Rate and Method to pay for Services (as defined in the Rate and Method) nor Special Tax B levied under the Rate and Method are pledged to the payment of the Series 2023 Bonds or any Additional Bonds. Accordingly, as used in this

* *Preliminary, subject to change.*

Official Statement, including the description of the apportionment of the Special Tax A, the term "Special Tax Revenues" means the proceeds of the Special Tax received by or on behalf of the District, other than proceeds of the Special Tax levied to pay the costs of Services received by or on behalf of the District, including any prepayments 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 Tax, which will be limited to the amount of said lien and interest and penalties thereon.

Prepayment of Special Tax. The Special Tax A obligation for an Assessor's Parcel of Taxable Property for which a building permit has been issued, may be prepaid in full, or in part, and only if there are no delinquent Special Tax with respect to such Assessor's Parcel at the time of prepayment, provided that the terms set forth under Section H of the Rate and Method are satisfied. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus the Future Facilities Amount plus the Defeasance Amount plus the Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section H."

Mandatory redemption of Series 2023 Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Series 2023 Bonds if the Series 2023 Bonds were purchased at a price greater than par. See "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Estimated Debt Service Coverage. The principal amount of the Series 2023 Bonds has been established to produce debt service coverage on the Series 2023 Bonds from Net Special Tax Revenues from the 482 parcels expected to be classified as Developed Property for purposes of the Fiscal Year 2024-25 Special Tax levy of at least 110%. The District may levy up to the Maximum Special Tax rates on Taxable Property within the District. See "— Rate and Method of Apportionment — *Maximum Special Tax, Assigned Special Tax and Backup Special Tax*" and "— Rate and Method of Apportionment — *Exempt Property.*"

Pursuant to the Rate and Method, the status of Developed Property is based on building permits issued as of May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied. Based on the development status within the District as of May 1, 2023, 386 parcels of Taxable Property were classified as Developed Property for Fiscal Year 2023-24. Between May 1, 2023 and August 7, 2023, the remaining building permits were issued for all 482 residential units under active construction within the District. Accordingly, 482 parcels of Taxable Property will be classified as Developed Property for purposes of the projected Fiscal Year 2024-25 Special Tax levy. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT" and "SPECIAL RISK FACTORS — Failure to Develop Properties."

In Fiscal Year 2022-23, the first year Special Tax was levied in the District, Special Tax in the amount of $651,782 was levied on 210 units classified as Developed Property. As of May 1, 2023, 386 building permits had been issued for units within the District. Accordingly, Special Tax in the amount of $1,213,550 was levied on 386 parcels within the District classified as Developed Property for Fiscal Year 2023-24. See "THE COMMUNITY FACILITIES DISTRICT — Delinquency History."

The following Table 2 sets forth the projected Special Tax levy for Fiscal Year 2024-25 by property classification as of August 7, 2023 and as expected at build out.

TABLE 2
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SUMMARY OF PROJECTED FISCAL YEAR 2024-25
SPECIAL TAX A LEVY AND EXPECTED LAND USES

	Projected Fiscal Year 2024-25 Special Tax A Levy[1]					*Buildout of Expected Land Uses[1]*			
Special Tax Category	*Residential Floor Area (Sq. Ft.)*	*No. of Units or Acres*	*Special Tax A Rate[2]**	*Per Unit or Acre*	*Annual Special Tax A Revenues**	*No. of Units or Acres[3]*	*Maximum or Assigned Special Tax A[2][4]**	*Per Unit or Acre*	*Annual Special Tax A Revenues[5]**
Developed Property[6]									
Tax Zone 1		Units				Units			
Single Family Property	<1,801	0	$ 2,517	per Unit	$ 0	0	$ 2,758	per Unit	$ 0
	1,801-1,900	0	2,596	per Unit	0	0	2,845	per Unit	0
	1,901-2,000	33	2,617	per Unit	86,373	33	2,868	per Unit	94,644
	2,001-2,100	30	2,679	per Unit	80,355	30	2,935	per Unit	88,050
	2,101-2,200	0	2,798	per Unit	0	0	3,066	per Unit	0
	2,201-2,300	0	2,831	per Unit	0	0	3,102	per Unit	0
	2,301-2,400	43	2,892	per Unit	124,359	43	3,169	per Unit	136,267
	2,401-2,500	0	2,971	per Unit	0	0	3,255	per Unit	0
	>2,500	0	3,056	per Unit	0	0	3,349	per Unit	0
Tax Zone 2									
Single Family Property	<901	0	$ 1,993	per Unit	$ 0	0	$ 2,184	per Unit	$ 0
	901-1,000	0	2,164	per Unit	0	0	2,371	per Unit	0
	1,001-1,100	50	2,320	per Unit	115,993	50	2,542	per Unit	127,100
	1,101-1,200	30	2,458	per Unit	73,730	30	2,693	per Unit	80,790
	1,201-1,300	0	2,668	per Unit	0	0	2,924	per Unit	0
	1,301-1,400	42	2,898	per Unit	121,697	42	3,175	per Unit	133,350
	1,401-1,500	28	2,996	per Unit	83,891	28	3,283	per Unit	91,924
	1,501-1,600	61	3,048	per Unit	185,935	61	3,340	per Unit	203,740
	1,601-1,700	53	3,136	per Unit	166,194	53	3,436	per Unit	181,108
	1,701-1,800	26	3,250	per Unit	84,495	26	3,561	per Unit	92,586
	1,801-1,900	13	3,448	per Unit	44,822	13	3,778	per Unit	49,114
	1,901-2,000	0	3,701	per Unit	0	0	4,055	per Unit	0
	>2,000	0	3,826	per Unit	0	0	4,192	per Unit	0
Tax Zone 3									
Single Family Detached Property	<1,101	0	$ 2,289	per Unit	$ 0	0	$ 2,508	per Unit	$ 0
	1,101-1,300	0	2,459	per Unit	0	0	2,694	per Unit	0
	1,301-1,500	20	3,013	per Unit	60,251	20	3,301	per Unit	66,020
	1,501-1,700	3	3,017	per Unit	9,051	3	3,306	per Unit	9,918
	1,701-1,900	32	3,304	per Unit	105,717	32	3,620	per Unit	115,840
	1,900-2,100	0	3,662	per Unit	0	0	4,013	per Unit	0
	>2,100	0	3,976	per Unit	0	0	4,357	per Unit	0
Single Family Attached Property	<1,301	0	$ 2,479	per Unit	$ 0	0	$ 2,716	per Unit	$ 0
	1,301-1,500	0	2,628	per Unit	0	0	2,880	per Unit	0
	1,501-1,700	18	3,150	per Unit	56,706	18	3,452	per Unit	62,136
	1,701-1,900	0	3,243	per Unit	0	0	3,554	per Unit	0
	>1,900	0	3,546	per Unit	0	0	3,885	per Unit	0
Subtotal - Developed Property		482			$ 1,399,569	482			$ 1,533,587
Final Mapped Property[7]		Acres				Acres			
Tax Zone 1		0.00	$ 0	per Acre	$ 0	0.00	$ 48,482	per Acre	$ 0
Tax Zone 2		0.00	0	per Acre	0	0.00	76,571	per Acre	0
Tax Zone 3		0.00	0	per Acre	0	0.00	125,970	per Acre	0
Undeveloped Property[8]									
Tax Zone 1		0.00	$ 0	per Acre	$ 0	0.00	$ 48,482	per Acre	$ 0
Tax Zone 2		14.60	0	per Acre	0	0.00	76,571	per Acre	0
Tax Zone 3		0.00	0	per Acre	0	0.00	125,970	per Acre	0
Grand Total					**$ 1,399,569**				**$ 1,533,587**

* *Preliminary; subject to change*.

(1) Based on the building permits issued as of August 7, 2023 and assumes no further development, including any development of the Vacant Parcel. Includes the debt service due in 2025 on the Series 2023 Bonds, and estimated Administrative Expenses in the amount of $89,244.

(2) Reflects the reduced Assigned Special Tax A rates calculated pursuant to Section C.1 of the Rate and Method.

(3) Expected land uses are subject to change as development occurs. Does not include projected units or Special Tax A revenues from Lot 1 of Tract 20316, which is the Vacant Parcel.

(4) For Developed Property, the Assigned Special Tax A rates are shown. For Final Mapped Property, the Maximum Special Tax A rate is shown.

(5) Does not include potential revenues from a Backup Special Tax A Levy on Developed Property.

(6) For the projected Fiscal Year 2024-25 Special Tax A levy, includes all taxable parcels which have had a building permit issued by the City prior to August 7, 2023 and assumes no further development.

(7) For the projected Fiscal Year 2024-25 Special Tax A levy, includes all taxable parcels which were located within a final subdivision map as of August 7, 2023 and assumes no new final maps will be recorded.

(8) For the projected Fiscal Year 2024-25 Special Tax A levy, no Special Tax is anticipated to be levied on Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property.

Sources: City of Ontario; Goodwin Consulting Group, Inc.

Collection and Application of the Special Tax

The Special Tax is levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the District may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum rates and method of collection of the Special Tax are not altered in a manner that would impair the District's ability to collect sufficient Special Tax to pay debt service on the Bonds and Administrative Expenses when due. First, the District has covenanted that it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds and if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds. See "SPECIAL RISK FACTORS — Constitutional Limitations on Taxation and Appropriations." Second, the District has covenanted not to authorize owners of taxable parcels within the District to satisfy Special Tax obligations by the tender of Bonds unless the District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Although the Special Tax constitutes a lien on Taxable Property within the District, it does not constitute a personal indebtedness of the owners of such property within the District. Moreover, other overlapping general obligation debt already exists on the property located within the District and other future special tax and assessment liens and overlapping general obligation debt could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Tax or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Under the terms of the Indenture, the Trustee shall establish and maintain a separate fund designated the "Special Tax Fund." As soon as practicable after the receipt by the District of any Special Tax Revenues, but in any event no later than the date ten Business Days after such receipt, the District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represent a Special Tax prepayment that is to be applied to the payment of the redemption price of Bonds in accordance with the provisions of the Indenture shall be identified to the Trustee as such by the District and shall be deposited in the Redemption Fund. See "— Special Tax Fund" below, "THE SERIES 2023 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*" and APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the District has covenanted in the Indenture that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the District are delinquent in the payment of the Special Tax levied thereon and that, if such delinquencies exist, the District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the Special Tax or installment thereof not paid when due. Notwithstanding the foregoing, the District is not required under the Indenture to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the District for such Fiscal Year is less than 5% of the total amount of the Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the

foregoing, if the District determines that any single parcel is delinquent in excess of $7,500 in the payment of the Special Tax, then the District will diligently institute, prosecute and pursue foreclosure proceedings against such parcel.

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

There can be no assurance that, even if the subject property is sold, the proceeds from such sale will be sufficient to pay the delinquent installments of the Special Tax. The Act does not require the District or any other governmental agency to purchase or otherwise acquire any Assessor's Parcel being sold if there is no other purchaser at such sale. The Act does require that property being sold pursuant to foreclosure under the Act must be sold for not less than the judgment amount (which must include reasonable attorneys' fees, together with interest, penalties, and other authorized charges and costs) plus post judgment interest and authorized costs, unless a lower bid price is authorized by the Owners of not less than 75% by value of the Series 2023 Bonds Outstanding.

Special Tax Fund

The Indenture provides that the Trustee will establish and maintain a separate fund designated the "Special Tax Fund." The Indenture requires that the District transfer Special Tax Revenues (other than Special Tax prepayments) to the Trustee for deposit into the Special Tax Fund as soon as practicable after the District's receipt thereof, but in any event no later than ten Business Days after such receipt. No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfers to the Administrative Expense Fund, as requested by the District, to have sufficient amounts available therein to pay Administrative Expenses, the Trustee is required by the Indenture to make transfers from the Special Tax Fund to the Interest Account in the Bond Fund, the Principal Account in the Bond Fund and the Reserve Fund in the amounts and in the priority specified in the Indenture. See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

As soon as practicable after the District's receipt of Special Tax prepayments, but in any event no later than ten Business Days after such receipt, the District is required to transfer any Special Tax prepayments to the Trustee and, in connection therewith, submit to the Trustee a Written Certificate identifying such amounts as Special Tax prepayments, identifying the portion of such Special Tax prepayments so transferred that is to be applied to the Redemption Price of the Bonds and identifying the portion of such Special Tax prepayments that is to be applied to the payment of interest on the Bonds to be so redeemed. The portion of such Special Tax prepayments that is to be applied to the Redemption Price will be deposited by the Trustee in the Redemption Fund and will be applied to the redemption of the Bonds pursuant to the Indenture. The portion of such Special Tax prepayments that is to be applied to the payment of interest on the Bonds to be so redeemed will be deposited by the Trustee in the Interest Account and will be applied to the payment of such interest.

Reserve Fund

The Indenture provides that the Trustee will establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the Trustee will deposit in the Reserve Fund the amount specified under the caption "ESTIMATED SOURCES AND USES OF FUNDS." The Trustee is also required, no later than the Business Day immediately preceding each Interest Payment Date, to transfer from the Special Tax Fund (after the requisite transfers to the Administrative Expense Fund, the Interest Account and the Principal Account) the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of the date of any calculation, the least of (i) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, with respect to the Bonds (excluding from such calculation Bonds refunded with the proceeds of subsequently issued Bonds), (ii) Maximum Annual Debt Service and (iii) 125% of Average Annual Debt Service.

Except as otherwise provided in the Indenture, all amounts in the Reserve Fund are to be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with the Indenture in the event of any deficiency in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with the Indenture in the event of any deficiency in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with the Indenture as described in the following paragraph.

Whenever Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share (determined as provided below) of the amount on deposit in the Reserve Fund will, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and will be applied to the redemption of said Bonds; provided that, such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share will be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

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, the Trustee will, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds. If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee will transfer an amount equal to the amount of such reduction to the Interest Account.

Investment of Moneys

All moneys held by the Trustee in any of the Funds or Accounts established pursuant to the Indenture are required to be invested by the Trustee solely in Permitted Investments, as directed in writing by the District. As used in the Indenture, the phrase "Permitted Investments" includes a variety of investments, some of which may not be rated by a national rating service. See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions."

Additional Bonds

The District may at any time after the issuance and delivery of the Series 2023 Bonds issue Additional Bonds for the purpose of financing additional Facilities in an aggregate amount not to exceed $55,565,000* payable from Net Special Tax Revenues on a parity with the Outstanding Series 2023 Bonds. Additional Bonds may also be issued for the purpose of refunding all or a portion of the Series 2023 Bonds or any Additional Bonds then Outstanding, for providing funds to pay costs of issuance incurred in connection with the issuance of such Additional Bonds, and providing funds to make any deposit to the Reserve Fund required under the Indenture in connection with the issuance of such Additional Bonds. The issuance of Additional Bonds to fund additional Facilities costs will require an increase in the amount of Special Taxes levied annually, which could result in the need to levy Special Taxes on Final Mapped Property and Undeveloped Property and would reduce the coverage ratio between the Maximum Special Taxes that could be levied annually and the annual levy required to pay debt service on the Series 2023 Bonds and any Additional Bonds plus Administrative Expenses. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Estimated Debt Service Coverage*" and "SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality."

The Indenture provides that Additional Bonds may only be issued subject to certain conditions precedent, including but not limited to the District having received a certificate of one or more Independent Consultants that, when taken together, certify that:

(i) on the basis of the parcels of land and improvements existing in the District as of the January 1 preceding the proposed issuance of such Additional Bonds, from and after the date of issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding the amount of the Available Special Tax that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; provided, however, that there shall be excluded from such calculation any Available Special Tax levied or that may be levied on any parcel of Taxable Property that, as of the date of such certificate, is in default in the payment of any Special Tax levied thereon;

(ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least seven times the sum of (I) the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available; and

(iii) the sum of (A) the Assessed Value of parcels of Final Mapped/Undeveloped Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Final Mapped/Undeveloped Property for which a Qualified Appraisal Report has

* *Preliminary, subject to change.*

been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least four times the sum of (I) a portion of the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, which portion shall be equal to the aggregate principal amount of such Outstanding Bonds multiplied by a fraction, the numerator of which is the amount of the Special Tax levied for such Outstanding Bonds on parcels of Final Mapped/Undeveloped Property, and the denominator of which is the total amount of the Special Tax levied for such Outstanding Bonds on all parcels of land (such fraction to be determined based upon the Maximum Special Tax that could be levied in the year in which Maximum Annual Debt Service on such Outstanding Bonds occurs), plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Final Mapped/Undeveloped Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Final Mapped/Undeveloped Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

Notwithstanding the foregoing, the receipt of a certificate described above will not be a condition precedent to the issuance of Additional Bonds if (i) such Additional Bonds are being issued to refund previously issued Bonds, and (ii) the District shall have received a certificate from an Independent Consultant certifying that Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

For a complete description of all conditions that must be satisfied prior to the issuance of Additional Bonds, see APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

THE COMMUNITY FACILITIES DISTRICT

General Information Regarding the District

The District was formed to finance certain services, facilities and costs with respect thereto related to the development within the District. The qualified electors within the boundaries of the District, being the then owners of property in the District, authorized the District to incur bonded indebtedness to finance certain facilities to meet the needs of new development within the District and approved the Rate and Method for, and authorized the levy of, the Special Tax.

The District is located in the southwestern portion of the County, in the southern portion of the City within an area known as "Ontario Ranch." More specifically, the District is generally located north of the San Bernardino/Riverside County line, west of Haven Avenue, east of the Cucamonga Channel, and south of Shaefer Avenue (and south of State Route 60). The development within the District is part of a multiple phase, multiple master-planned community development known as "Ontario Ranch." Ontario Ranch is planned to contain over 3,500 acres. At full buildout, Ontario Ranch is expected to include approximately 18,000 dwelling units, approximately 2.9 million square feet of industrial space, approximately 1.5 million square feet of commercial and retail space and over 500,000 square feet of business park space. While much of Ontario Ranch is raw vacant land, many planned communities within the east side of Ontario Ranch have been completed or are currently under construction. The City estimates that approximately 4,000 dwelling units have been built within Ontario Ranch to date.

The District consists of three non-contiguous tract maps, with each tract map also comprising a separate tax zone. Tax Zone 1 consists of Tract Map No. 20298, Tax Zone 2 consists of Tract Map No. 20316 and Tax Zone 3 consists of Tract Map No. 20389. The District is currently being developed by three separate Merchant Builders with a total of 482 single-family homes, and also includes the Vacant Parcel within Tax Zone 2 that is owned by the Master Developer. As of August 7, 2023, of the 482 homes under active development across all three communities within the District, 224 had been conveyed to individual homeowners and the Merchant Builders collectively owned (or were responsible for paying the Special Tax for) 15 model homes, 53 homes over 95% complete, 128 homes in various stages of construction and 62 finished lots. A detailed description of the status of the construction as of the date of value of the Appraisal is included in APPENDIX B — "APPRAISAL REPORT." The Series 2023 Bonds have been structured so that Assigned Special Tax A rates set forth in the Rate and Method that may be levied within the District, based on the 482 parcels of Developed Property (which excludes the Vacant Parcel) shown in the projected Fiscal Year 2024-25 Special Tax levy, are at least 110% of debt service on the Series 2023 Bonds in each Bond Year, net of estimated Administrative Expenses. The District does not currently expect to levy the Special Tax in Fiscal Year 2024-25 against the Vacant Parcel while the Vacant Parcel is still classified as Undeveloped Property.

Tax Zone 1 is being developed by Woodside into a neighborhood known as "Cambridge Court." Cambridge Court is being developed with 106 single-family detached homes arranged in a conventional single-family detached style with some motor courts. As of August 7, 2023 and within Cambridge Court, 62 single-family homes had been conveyed to individual homeowners and Woodside owned three model homes, 12 homes over 95% complete, 22 homes in various stages of construction and seven finished lots. As of October 1, 2023, _____ single family homes within Cambridge Court had been conveyed to individual homeowners and Woodside owned _____ completed homes, _____ homes in various stages of construction and _____ finished lots. Under the City's General Plan (Land Use Plan LU-01) land within Tax Zone 1 of the District is designated as "Low Medium Density Residential", which allows for 5.1-11.0 dwelling units per acre. As built and proposed, development within Tax Zone 1 of the District legally conforms to these requirements.

A portion of Tax Zone 2 is being developed by New Home Company into a neighborhood known as "NUVO Parkside." NUVO Parkside is being developed with 303 single-family detached homes, all of which are detached but range in style from motor court clusters to alley load.. As of August 7, 2023 and within NUVO Parkside, 161 single-family homes had been conveyed to individual homeowners and New Home Company owned eight model homes, 22 homes over 95% complete, 61 homes in various stages of construction and four finished lots. As of August 7, 2023, the remaining 47 lots within NUVO Parkside were owned by Arroyo, which is a land-banking entity from which New Home Company is purchasing the lots within NUVO Parkside in phased takedowns. As of August 7, 2023, 19 of such lots were in various stages of construction and 28 of such lots were in a finished lot condition. While Arroyo owns lots within NUVO Parkside, New Home Company is contractually obligated under an Option Agreement (as defined under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—New Home Company") for paying all taxes and fees associated with the property owned by Arroyo, including the Special Tax (as defined herein). As of October 1, 2023, 176 single family homes within NUVO Parkside had been conveyed to individual homeowners and New Home Company owned _____ completed homes, _____ homes in various stages of construction and _____ finished lots. Under the City's General Plan (Land Use Plan LU-01) land within Tax Zone 2 the District is designated as "Medium Density Residential", which allows for 5.1-25.0 dwelling units per acre. As built and proposed, development within the portion of Tax Zone 2 of the District currently under active development legally conforms to these requirements

Tax Zone 3 is being developed by Lennar into a neighborhood known as "Fairhaven at Park Place." Fairhaven at Park Place is being developed with 73 single-family detached homes arranged in motor courts. As of August 7, 2023, one home within Fairhaven at Park Place had been conveyed to an individual homeowner and Lennar owned four model homes, 19 homes over 95% complete, 26 homes in various stages of construction and 23 finished lots. As of October 1, 2023, 19 homes within Fairhaven at Park Place have been conveyed to individual homeowners and Lennar owned five completed model homes, 34 homes in

various stages of construction, and 15 finished lots. Under the City's General Plan (Land Use Plan LU-01) land within Tax Zone 3 of the District is designated as "Low Density Residential", which allows for 2.1-5.0 dwelling units per acre. As built and proposed, development within Tax Zone 3 of the District legally conforms to these requirements

For more detailed information regarding the ongoing and proposed development within the Distrct, see "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Water and sewer service to the property within the District will be supplied by the City. Electricity will be supplied by Southern California Edison, gas by Southern California Gas Company and schools by Mountain View District and Chaffey Joint Union High School District.

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a designated Earthquake Study Zone and there are no known active faults crossing the site. However, the Chino Fault is located approximately 6.6 miles southwest of the District and the Cucamonga Fault Zone is located approximately 12.6 miles north of the District. See "SPECIAL RISK FACTORS — Geologic, Topographic and Climatic Conditions."

[Like much of the property within the City and surrounding areas, the property within the District has previously been utilized as dairy pastures and agricultural fields. A Methane Gas Investigation report dated _____, 20__ (the "MGI") was prepared by _____ for _____. The MGI concluded that based on the results of field sampling and lab testing, it was determined that methane gas was either not detected or below the level that would require any type of remediation or further studies. See "SPECIAL RISK FACTORS — Methane Gas."]

The Federal Emergency Management Agency has determined that the District is located in a Zone "X" flood area (an area of minimal flooding, within the 500-year flood plain), and flood insurance will not be required. See "SPECIAL RISK FACTORS — Geologic, Topographic and Climatic Conditions."

An aerial photo showing the property within the District and a map showing the general location of the District and the surrounding area appears on the pages before Page 1 of this Official Statement. More detailed information about the property therein is contained in APPENDIX B — "APPRAISAL REPORT," and information about the ownership of such property is set forth under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT." General information about the City is set forth in APPENDIX E.

The Facilities

The City and the Master Developer entered into an Acquisition and Funding Agreement, dated as of December 1, 2021, as amended by that certain First Amendment to Acquisition and Funding Agreement, dated as of [November 1, 2023], between the City and the Master Developer (collectively, the "Acquisition Agreement"), which provides, among other things, the means by which certain facilities will be financed in connection with the development within the District, including street and traffic circulation system improvements (the "Facilities").

Pursuant to the Acquisition Agreement, the Master Developer agreed to construct, and the City agreed to accept, certain Facilities to be acquired with the proceeds of the Series 2023 Bonds and available Special Tax proceeds deposited into the SC Ontario Acquisition Account of the Improvement Fund under the Indenture pursuant to certain requirements contained in the Acquisition Agreement and the Indenture. The Acquisition Agreement also provides guidelines pursuant to which the City may acquire completed segments of the Facilities with the proceeds of the Series 2023 Bonds and available Special Tax proceeds deposited into the SC Ontario Acquisition Account of the Improvement Fund. The Acquisition Agreement may be amended from time to time by the parties thereto.

Pursuant to the Acquisition Agreement, the Master Developer has agreed to pay all costs of the Facilities that it constructs pursuant to the Acquisition Agreement in excess of the moneys available therefor in the SC Ontario Acquisition Account of the Improvement Fund. Further, any lack of availability of amounts in the SC Ontario Acquisition Account of the Improvement Fund to pay the acquisition costs of the Facilities shall in no way diminish any obligation of the Master Developer with respect to the construction of or contributions for public facilities and mitigation measures required by the conditions of approval or any subdivision, development, or other agreement to which the Master Developer is a party, or any governmental approval to which the Master Developer or any land within the District is subject, except to the extent expressly set forth in such agreement or approval.

[As of October 1, 2023, all of the Facilities to be constructed by the Master Developer that are required to serve the development within the District have been substantially completed, pending final approval and acceptance by the City.]

Certain facilities (the "NMC Facilities") were constructed pursuant to an Acquisition and Funding Agreement, dated as of July 21, 2015 (the "Original NMC Acquisition Agreement"), by and between the City and NMC Builders, LLC, a California limited liability company ("NMC Builders"). The City and NMC Builders recently amended and restated the Original NMC Acquisition Agreement pursuant to the Amended and Restated Acquisition and Funding Agreement, dated as of November 1, 2022 (the "NMC Acquisition Agreement"). The NMC Acquisition Agreement, among other things, modifies the purchase prices of the Facilities purchased thereto. In addition to the Facilities constructed by the Master Developer under the Acquisition Agreement, bond proceeds may be deposited into an NMC Acquisition Account of the Improvement Fund under the Indenture to finance the costs of certain NMC Facilities constructed by NMC Builders and acquired by the City pursuant to the NMC Acquisition Agreement. NMC Builders is an entity established by certain current and previous landowners within Ontario Ranch for the purpose of jointly funding and managing the construction of much of the major public infrastructure required for the development of the eastern portion of Ontario Ranch, including some of the facilities being financed through the issuance of the Series 2023 Bonds.

Direct and Overlapping Debt

The District is included within the boundaries of numerous overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 3 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 3
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
DIRECT AND OVERLAPPING DEBT

2023-24 Assessed Valuation: $143,003,436

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/23	
Metropolitan Water District General Obligation Bonds	0.004%	$ 756	
Chaffey Community College District General Obligation Bonds	0.088	256,066	
Chaffey Union High School District General Obligation Bonds	0.169	997,427	
Mountain View School District SFID No. 1 General Obligation Bonds	1.256	73,202	
Mountain View School District SFID No. 2 General Obligation Bonds	2.459	454,584	
City of Ontario Community Facilities District No. 56	**100.**	**0**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,782,035	
OVERLAPPING GENERAL FUND DEBT:			
San Bernardino County General Fund Obligations	0.049%	$ 79,182	
=San Bernardino County Flood Control District General Fund Obligations	0.049	18,358	
Chaffey Community College District Certificates of Participation	0.088	22,792	
City of Ontario General Fund Obligations	0.357	531,090	
City of Ontario Pension Obligation Bonds	0.357	797,411	
West Valley Vector Control District Certificates of Participation	0.045	667	
TOTAL OVERLAPPING GENERAL FUND DEBT		$1,449,500	
COMBINED TOTAL DEBT		$3,231,535	(2)

Ratios to 2023-24 Local Secured Assessed Valuation:

Direct Debt ($0)	**0.00%**
Total Direct and Overlapping Tax and Assessment Debt	1.25%
Combined Total Debt	2.26%

(1) Excludes Series 2023 Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

As shown in Table 4, the projected Fiscal Year 2024-25 average total effective tax rate for completed single family homes conveyed to individual homeowners as of August 7, 2023 in the District range from approximately 1.71% to 1.97% of the base sales price of sample lots within the Cambridge Court, NUVO Parkside and Fairhaven at Park Place neighborhoods. The following table sets forth sample tax bills for selected completed homes owned by individual homeowners within the Cambridge Court, NUVO Parkside and Fairhaven at Park Place neighborhoods of the District for Fiscal Year 2023-24.

TABLE 4
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SAMPLE TAX BILLS

	Tax Zone	1	2	3	3
	Residential Floor Area (Sq. Ft.):	2,043	1,536	1,805	1,638
	Type of Property:	Detached	Detached	Detached	Attached
	Community Name:	Cambridge Court	NUVO Parkside	Fairhaven	Fairhaven
Net Taxable Value					
Sales Price / Estimated Price[(1)]		$663,975.00	$568,320.00	$550,525.00	$540,540.00
Less: Homeowner's Exemption		(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)
Net Taxable Value		$656,975.00	$561,320.00	$543,525.00	$533,540.00
***Ad Valorem* Property Taxes**	**Rate**				
Base Property Tax	1.0000%	$ 6,569.75	$ 5,613.20	$ 5,435.25	$ 5,335.40
Chaffey College Bond	0.0137%	90.01	76.90	74.46	73.09
Chaffey High Bond	0.0294%	193.15	165.03	159.80	156.86
Mountain View Elementary SFID #1	0.0134%	88.03	75.22	72.83	71.49
Metro Water Mid-Valley Debt	0.0035%	22.99	19.65	19.02	18.67
Total *Ad Valorem* Property Taxes	1.0600%	$ 6,963.94	$ 5,949.99	$ 5,761.37	$ 5,655.52
Parcel Charges, Assessments, and Special Taxes					
Vector Control Assessment #1		$ 22.16	$ 22.16	$ 22.16	$ 22.16
Metro Water - Water Standby		7.59	7.59	7.59	7.59
City of Ontario CFD No. 32 (Archibald/Schaefer - Services)[(2)]		1,443.71	0.00	0.00	0.00
City of Ontario CFD No. 56 (Parkside/La Avenida) Special Tax B[(2)]		0.00	1,443.71	0.00	0.00
City of Ontario CFD No. 23 (Park Place Services)[(2)]		0.00	0.00	1,443.71	1,251.14
City of Ontario CFD No. 56 (Parkside/La Avenida)[(3)*]		2,935.00	3,340.00	3,620.00	3,452.00
Total Parcel Charges, Assessments, and Special Taxes		$ 4,408.46	$ 4,813.46	$ 5,093.46	$ 4,732.89
Total Taxes		**$ 11,372.40**	**$ 10,763.45**	**$ 10,854.83**	**$ 10,388.41**
Total Effective Tax Rate		**1.71%**	**1.89%**	**1.97%**	**1.92%**

* *Preliminary; subject to change*.
(1) Represents base market values for sample lots as reported in the Appraisal Report.
(2) Equal to the Special Tax levied for Fiscal Year 2023-24. The Maximum Special Tax for each Tax Zone increases by up to 4% per year.
(3) Equal to the applicable Assigned Special Tax rate for the District. Reflects the reduced Assigned Special Tax A rates calculated pursuant to Section C.1 of the Rate and Method.
Sources: San Bernardino County Tax Collector's Office; Kitty Siino & Associates, Inc.; Goodwin Consulting Group, Inc.

Property Values

Appraisal. In order to provide information with respect to the value of the land within the District, the District engaged the Appraiser to prepare the Appraisal. The principal of the Appraiser, who was actively involved in the preparation of the Appraisal, has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land secured municipal bonds. The Appraiser was selected by the District and has no material relationships with the City, the District or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal and other similar engagements for the City. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the commission now known as California Debt and Investment Advisory Commission. A copy of the Appraisal is included as APPENDIX B to this Official Statement.

The purpose of the Appraisal was to estimate the minimum market value of the fee simple estate, subject to special tax and special assessment liens, of the property within the District in its current condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of August 7, 2023, the minimum market value of the property within the District was not less than $226,550,046, including $128,798,000 for the 224 completed units conveyed to individual homeowners, $73,595,386 for the homes and lots owned by the Merchant Builders (or for which a Merchant Builder is responsible for paying the Special Tax) and $24,156,660 for the vacant lot owned by the Master Developer as of such date. See APPENDIX B — "APPRAISAL REPORT."

Reference is made to APPENDIX B for a complete list and full discussion of the applicable contingencies, assumptions and limiting conditions and the methodology employed by the Appraiser. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal.

The Appraisal merely indicates the Appraiser's opinion as to the minimum market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not further adversely change in the future. See "SPECIAL RISK FACTORS — Impact of Economic Conditions on the Development in the District."

It is a condition precedent to the issuance of the Series 2023 Bonds that the Appraiser deliver to the District a certification to the effect that nothing has come to the attention of the Appraiser subsequent to the date of value of the Appraisal that would cause the Appraiser to believe that the value of property in the District is less than the minimum value reported in the Appraisal.

Value-to-Lien Ratios

The value of the property within the District is significant because, in the event of a delinquency in the payment of the Special Tax, the District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its "share" of the Series 2023 Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the applicable Special Tax. As indicated above, the minimum appraised value of the property within the District is not less than $226,550,046, including $24,156,660 for the Vacant Parcel. The ratio of the total appraised value of Taxable Property within the District to the $19,435,000* total principal amount of the Series 2023 Bonds is approximately 11.66*-to-1. Excluding the appraised value attributable to the Vacant Parcel, which is not being taken in to account for the

* *Preliminary, subject to change.*

purpose of structuring debt service on the Series 2023 Bonds, such ratio is approximately 10.41[*]-to-1. Taking other overlapping tax and assessment debt within the District into account, the ratio of the minimum appraised value of all Taxable Property in the District to the total amount of existing tax and assessment debt for the District plus the Series 2023 Bonds of $22,666,535[*] is approximately 9.99[*]-to-1. See "— Direct and Overlapping Debt." Table 5 sets forth the appraised value-to-lien ratios of all the taxable property within the District by ownership and development status as of August 7, 2023.

Additionally, Table 6 below sets forth the stratification of value-to-liens of the parcels within the District, based on the appraised value of such parcels set forth in the Appraisal and such parcels' respective shares of the principal amount of the Series 2023 Bonds (allocated to each parcel based upon its respective share of the total projected Fiscal Year 2024-25 Special Tax levy) and the ratio of the appraised value to its share of the Series 2023 Bonds.

[*] *Preliminary, subject to change.*

TABLE 5
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
APPRAISED VALUE-TO-LIEN RATIOS BY OWNERSHIP AND STATUS OF DEVELOPMENT

Owner	*Community Name*	*Status of Development*[1]	*No. of Planned Units*	*Fiscal Year 2024-25 Assigned / Maximum Special Tax A*	*Projected Fiscal Year 2024-25 Special Tax A Levy*[2]*	*Percent of Projected Fiscal Year 2024-25 Special Tax A Levy**	*Appraised Value*[3]	*CFD Debt*[4]*	*Average Appraised Value-to-Lien**
Individual Homeowners	Cambridge Court	Completed and Sold	62	$ 187,617	$ 171,221	12.23%	$ 42,310,045	$ 2,377,654	17.79
	NUVO Parkside	Completed and Sold	161	495,098	451,832	32.28	85,937,430	6,274,330	13.70
	Fairhaven	Completed and Sold	1	3,620	3,304	0.24	550,525	45,876	12.00
Subtotal - Individual Homeowners			224	$ 686,335	$ 626,357	44.75%	$128,798,000	$ 8,697,860	14.81
Woodside 05S LP	Cambridge Court	Model Homes	3	$ 8,972	$ 8,188	0.59%	$ 1,678,789	$ 113,701	14.76
		Completed Homes	12	35,420	32,325	2.31	6,268,651	448,874	13.97
		Under Construction	22	66,374	60,574	4.33	6,085,000	841,152	7.23
		Finished Lots	7	20,578	18,780	1.34	1,936,136	260,783	7.42
Subtotal - Woodside 05S LP			44	$ 131,344	$ 119,866	8.56%	$ 15,968,576	$ 1,664,510	9.59
The New Home Company Southern California, LLC	NUVO Parkside	Model Homes	8	$ 26,389	$ 24,083	1.72%	$ 3,559,283	$ 334,425	10.64
		Completed Homes	22	73,798	67,349	4.81	9,374,140	935,235	10.02
		Under Construction	61	199,624	182,179	13.02	14,657,183	2,529,815	5.79
Subtotal – The New Home Company Southern California, LLC			91	$ 299,811	$ 273,611	19.55%	$ 27,590,606	$ 3,799,475	7.26
Arroyo Cap II-1, LLC[5]	NUVO Parkside	Under Construction	19	$ 61,270	$ 55,916	4.00%	$ 4,565,352	$ 776,469	5.88
		Finished Lots	32	104,533	95,398	6.82	7,689,014	1,324,736	5.80
Subtotal - Arroyo Cap II-1, LLC			51	$ 165,803	$ 151,314	10.81%	$ 12,254,366	$ 2,101,205	5.83
Lennar Homes of California, LLC	Fairhaven	Model Homes	4	$ 13,993	$ 12,770	0.91%	$ 1,642,220	$ 177,332	9.26
		Completed Homes	19	66,014	60,245	4.30	7,275,188	836,588	8.70
		Under Construction	26	90,268	82,380	5.89	4,703,575	1,143,957	4.11
		Finished Lots	23	80,019	73,026	5.82	4,160,855	1,014,073	4.10
Subtotal - Lennar Homes of California, LLC			72	$ 250,294	$ 228,421	16.32%	$ 17,781,838	$ 3,171,950	5.61
SC Ontario Development Company, LLC[6]	N/A	N/A	N/A	$ 1,118,166	$ 0	0.00%	$ 24,156,660	$ 0	N/A
Grand Total			**482**	**$ 2,651,753**	**$ 1,399,569**	**100.00%**	**$226,550,046**	**$19,435,000**	**11.66**

* *Preliminary; subject to change*.

(1) Construction status as provided in the Appraisal Report. May not reflect classification of properties for purposes of the Special Tax levy.

(2) Based on the building permits issued as of August 7, 2023 and assumes no further development. Includes the debt service due in 2025 on the Series 2023 Bonds, and estimated Administrative Expenses in the amount of $89,244.

(3) Represents an allocation of the bulk market values reported in the Appraisal Report. The allocated values are not indicative of the market values of the groupings or the individual lots.

(4) Equal to the principal amount of the Series 2023 Bonds. Does not include overlapping debt secured by *ad valorem* taxes on the property. Allocated based on the proportionate share of the Projected Fiscal Year 2024-25 Special Tax Levy.

(5) Pursuant to the Option Agreement (as defined under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—New Home Company"), while Arroyo owns certain lots within the District, New Home Company is contractually responsible for paying all taxes and fees associated with such property, including the Special Tax.

(6) Includes Lot 1 of Tract 20316, which is a 14.6-acre parcel classified as Undeveloped Property in the Projected Fiscal Year 2024-25 Special Tax levy. Based on the anticipated debt service requirements of the Series 2023 Bonds, the City does not expect to levy Special Tax A on Undeveloped Property in Fiscal Year 2024-25.

Sources: Kitty Siino & Associates, Inc.; Ramirez & Co., Inc.; Goodwin Consulting Group, Inc.

TABLE 6
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
APPRAISED VALUE-TO-LIEN RATIOS

Appraised Value-to-Lien Category	*No. of Planned Units*	*Projected Fiscal Year 2024-25 Special Tax A Levy[(1)]**	*Percent of Projected Fiscal Year 2024-25 Special Tax A Levy**	*Appraised Value[(2)]*	*CFD Debt[(3)]**	*Average Appraised Value-to-Lien**
15:1 to 20:1	76	$ 203,700	14.55%	$ 49,192,725	$ 2,828,658	17.39
10:1 to 15:1	181	516,300	36.89	95,244,121	7,169,556	13.28
5:1 to 10:1	176	524,164	37.45	49,092,111	7,278,757	6.74
3:1 to 5:1	49	155,406	11.10	8,864,430	2,158,030	4.11
Subtotal	482	$1,399,569	100.00%	$ 202,393,386	$ 19,435,000	10.41
Undeveloped Property[(4)]	N/A	0	0.00	24,156,660	0	N/A
Total	**482**	**$1,399,569**	**100.00%**	**$ 226,550,046**	**$ 19,435,000**	**11.66**

* *Preliminary; subject to change*.

(1) Based on the building permits issued as of August 7, 2023 and assumes no further development. Includes the debt service due in 2025 on the Series 2023 Bonds, and estimated Administrative Expenses in the amount of $89,244.

(2) Represents an allocation of the bulk market values reported in the Appraisal Report. The allocated values are not indicative of the market values of the groupings or the individual lots.

(3) Equal to the principal amount of the Series 2023 Bonds. Does not include overlapping debt secured by *ad valorem* taxes on the property. Allocated based on the proportionate share of the Projected Fiscal Year 2024-25 Special Tax levy.

(4) Includes Lot 1 of Tract 20316, which is a 14.6-acre parcel classified as Undeveloped Property in the Projected Fiscal Year 2024-25 Special Tax levy. The type and number of units to be developed on this property have not been finalized yet. Based on the anticipated debt service requirements of the Series 2023 Bonds, the District does not expect to levy Special Tax A on Undeveloped Property in Fiscal Year 2024-25.

Sources: Kitty Siino & Associates, Inc.; Ramirez & Co., Inc.; Goodwin Consulting Group, Inc.

Delinquency History

The following table is a summary of Special Tax levies, collections and delinquency rates in the District in Fiscal Year 2022-23, the first year of the Special Tax levy, as well as a summary of the Fiscal Year 2023-24 Special Tax levy.

TABLE 7
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES

			As of the end of each Fiscal Year		
Fiscal Year	*Amount Levied*	*Parcels Levied*	*Parcels Delinquent*	*Amount Delinquent*	*Percent Delinquent*
2022-23	$651,782	113	1	$3,169.00	0.49%
2023-24	1,213,550	386	N/A	N/A	N/A

Sources: San Bernardino County Tax Collector's Office; Special Tax Consultant.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the Series 2023 Bonds and the District. No assurance can be given, however, that the proposed development of the property within the District will occur in a timely manner or in the configuration or to the density described herein, or that the Master Developer and Merchant Builders, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property within the District. There may be material adverse changes in this information after the date of this Official Statement. Neither the Series 2023 Bonds nor the Special Tax are personal obligations of any property owner within the District and, in the event that any property owner defaults in the payment of its Special Tax, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. The Series 2023 Bonds are secured solely by the Net Special Tax Revenues and amounts on deposit in certain of the funds and accounts maintained by the Trustee under the Indenture. See "SPECIAL RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Series 2023 Bonds. The following information regarding ownership and planned development of the District has been provided by the Master Developer and Merchant Builders. No representation is made by either the District or the Underwriter as to the accuracy or adequacy of such information so provided.

The Master Developer

General. SC Ontario Development Company, LLC (previously defined as the "Master Developer") is a subsidiary of the Lewis Group of Companies. The Lewis Group of Companies originated in 1955 in Claremont, California. Since 1955, The Lewis Group of Companies has developed over 57,000 homes, 19.5 million square feet of retail, office and industrial developments, and has developed and sold 21,000 lots to other builders in California, Nevada, Arizona and Utah.

Vacant Parcel. As of August 7, 2023, the Master Developer owned an approximately 20.0 acre vacant parcel within Tax Zone 2 of the District (previously defined in this Official Statement as the "Vacant Parcel"). The Vacant Parcel is identified as Lot 1 located within Tract Map No. 20316, which also includes, among other things, the NUVO Parkside neighborhood being developed by New Home Company. The Vacant Parcel is currently generally in a superpad condition and has entitlements per the Parkside Specific Plan for 236 units. The Master Developer is in the process of entitling the Vacant Parcel and intends to market the sale of the Vacant Parcel to one or more merchant builders in the next 24 months; however, there can be no assurance that all or any portion of the Vacant Parcel will be marketed and sold to merchant builders.

The Series 2023 Bonds have been structured so that Assigned Special Tax A rates set forth in the Rate and Method that may be levied within the District, based on the 482 parcels of Developed Property (which excludes the Vacant Parcel) shown in the projected Fiscal Year 2024-25 Special Tax levy, are at least 110% of debt service on the Series 2023 Bonds in each Bond Year, net of estimated Administrative Expenses. The District does not currently expect to levy the Special Tax in Fiscal Year 2024-25 against the Vacant Parcel. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Special Tax."

Woodside

General. Woodside 05S LP (previously defined as "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., a Japanese public company based in Osaka, Japan, whose stock is listed on the Tokyo and Nagoya Stock Exchanges. Sekisui House, Ltd. Is one of Japan's largest homebuilders and was founded in 1960.

Woodside Group's subsidiaries engage in the design, construction, and sale of single-family homes under the brand name of "Woodside Homes." Woodside Homes 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, Nevada and Utah.

Development Plan. Woodside is developing Tax Zone 1 into a neighborhood known as "Cambridge Court." Tax Zone 1 within the District is generally located at the northeast corner of La Avenida Drive and Manitoba Place within the City and consists of approximately 10.5 gross acres on Tract Map. No. 20298. Tract Map. No. 20298 was recorded on July 15, 2021 and divides Tax Zone 1 into 106 numbered lots.

Cambridge Court is being developed with 106 single-family detached homes in a conventional single-family detached style with some homes arranged around shared motor courts. The homes within Cambridge Court include three two-story floorplans ranging in size from 1,951 to 2,356 square feet and from three to five bedrooms.

Woodside purchased the land for Cambridge Court on December 23, 2020 from Ontario Schaefer Holdings, LLC for $13,611,196. Woodside began selling homes in October 2021 and as of August 7, 2023, 62 homes within Cambridge Court had been conveyed to individual homeowners and Woodside owned three model homes, 12 homes over 95% complete (all of which were in escrow), 22 homes in various stages of construction (19 of which were in escrow) and seven finished lots (none of which were in escrow). Woodside currently expects full buildout of the Cambridge Court neighborhood by _____ 20__.

The table below sets forth the estimated number of lots, home sizes and bases sales prices for the Cambridge Court neighborhood as of October 1, 2023.

Floor Plan	*Approx. Square Footage*	*Total Planned Units*	*Closed to Individuals*	*Completed But Not Closed*[1]	*Under Construction*[2]	*Finished Lots*	*Base Sales Price*[3]
Plan 1	1,951						
Plan 2	2,043						
Plan 3	2,365						
Totals		106					

(1) Includes three completed model units (one for each plan) owned by Woodside and _____ homes in escrow to individual homeowners.

(2) Includes _____ homes in escrow to individual homeowners.

(3) Base sale prices are estimated as of October 1, 2023. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Source: Woodside.

Financing Plan. To date, Woodside has financed its land acquisition and various site development and home construction costs related to its property in the District through internally generated funds (including funds from Woodside's parent entities) and home sales revenues. As of October 1, 2023, Woodside had expended approximately $_____ on land acquisition, land development, homebuilding, marketing and sales costs. As of such date, Woodside expected to incur approximately $_____ on remaining land development costs and approximately $_____ on remaining homebuilding, marketing, and sales costs for its property in the District.

Woodside expects to use home sales revenues and internal funding (including funds from Woodside's parent entities) to complete its development in the District. Woodside believes that it will have sufficient

funds available to complete its planned development in the District in accordance with the development schedule described in this Official Statement.

Notwithstanding the belief of Woodside that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Woodside will be sufficient to complete its property development and home construction as currently anticipated. While Woodside has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Woodside nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of Woodside to provide internal financing in the past, Woodside has not represented in any way that it will do so in the future. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete Woodside's planned development in the District and other financing by Woodside is not put into place, there could be a shortfall in the funds required to complete the proposed development by Woodside and portions of the project may not be developed.

New Home Company

General. The New Home Company Southern California, LLC (previously defined as "New Home Company") is an affiliated entity of The New Home Company, Inc. The New Home Company, Inc. designs, constructs and sells homes in major metropolitan areas in California and Arizona, including coastal Southern California, the San Francisco Bay area, metro Sacramento and the greater Phoenix area. The New Home Company, Inc. is publicly traded on the New York Stock Exchange and its SEC filings are available to the public at the SEC's website at www.sec.gov. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Development Plan. New Home Company is developing a portion of Tax Zone 2 into a neighborhood known as "NUVO Parkside." Tax Zone 2 within the District is generally located at the northwest corner of Archibald Avenue and Eucalyptus Place within the City and is encompassed by Tract Map No. 20316, recorded on March 11, 2021. Tract Map No. 20316 consists of approximately 55.8 gross acres, which includes the NUVO Parkside neighborhood, the Vacant Parcel and two park sites that are located outside of the District. NUVO Parkside consists of the areas described in Tract Map No. 20316 as Lots 2, 3 and 4 and encompasses approximately 24.0 gross acres. Tract Map No. 20316 and the subsequent condominium maps with respect to Lots 2, 3 and 4 allow for 303 single-family detached condominium units.

NUVO Parkside is being developed with 303 single-family detached condominium homes, all of which are detached but range in style from clusters of homes arranged around shared motor courts to alley load units with garages in the rear of the home. The homes within NUVO Parkside include four product lines ranging from 1,044 to 1,820 square feet and from two to three stories.

As described further under the captions "—*Option Agreement and Construction Agreement*" and "—*New Home Company Landbank*," New Home Company is purchasing the property for NUVO Parkside in phases takedowns from Arroyo. New Home Company began taking down lots from Arroyo in November 2021 and, as of August 7, 2023, had completed eight takedowns for an aggregate total of 252 units as of such date. New Home Company began selling homes in April 2022 and as of August 7, 2023, 161 homes within NUVO Parkside had been conveyed to individual homeowners and New Home Company owned eight model homes, 22 homes over 95% complete (21 of which were in escrow) and 61 homes in various stages of construction (32 of which were in escrow). In certain cases, New Home Company has begun vertical construction on lots owned by Arroyo prior to New Home Company taking down such lots and, as of August 7, 2023, Arroyo owned 19 lots in various stages of construction and 32 finished lots. New Home Company currently expects complete buildout of the NUVO Parkside neighborhood by _____ 20__.

The table below sets forth the estimated number of lots, home sizes and bases sales prices for the NUVO Parkside neighborhood as of October 1, 2023.

Floor Plan	*Approx. Square Footage*	*Total Planned Units*	*Closed to Individuals*	*Completed But Not Closed*[1]	*Under Construction*[2]	*Finished Lots*	*Base Sales Price*[3]
Lincoln Plan 1	1,082						
Lincoln Plan 2	1,044						
Lincoln Plan 2G	1,046						
Hyde Plan 1	1,197						
Hyde Plan 2	1,550						
Hyde Plan 3	1,727						
Hyde Plan 4	1,809						
Bryant Plan 1/1X	1,370						
Bryant Plan 2	1,536						
Bryant Plan 3	1,475						
Bryant Plan 4	1,675						
Bryant Plan 4X	1,754						
Grant Plan 1	1,596						
Grant Plan 2	1,648						
Grant Plan 3	1,820						
Totals		303	176				

(1) Includes eight completed model units owned by New Home Company and _____ homes in escrow to individual homeowners.
(2) Includes _____ homes in escrow to individual homeowners.
(3) Base sale prices are estimated as of October 1, 2023. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.
Source: New Home Company.

Option Agreement and Construction Agreement. On June 16, 2021, Arroyo purchased the property on which NUVO Parkside is being developed (the "Property") from the Master Developer. Concurrent with the purchase of the Property by Arroyo, Arroyo and New Home Company entered into an Option Agreement regarding the Property, as amended (herein, the "Option Agreement"), whereby New Home Company has the option but not the obligation to purchase finished lots in the Property from Arroyo pursuant to a takedown schedule. To New Home Company's knowledge, New Home Company is not in default under the Option Agreement, nor has Arroyo asserted such a default.

In addition to and concurrent with the Option Agreement, TNHC Realty and Construction Inc. (the "Contractor"), an affiliate of New Home Company, entered into the Construction Agreement regarding the Property (the "Construction Agreement"), whereby Arroyo engaged the Contractor to construct improvements on and for the benefit of the Property necessary to bring the lots into finished lot condition and reimburse the Contractor for such development costs up to a guaranteed maximum aggregate contract amount.

Under the terms of the Option Agreement, Arroyo agreed to provide New Home Company the exclusive right and option to purchase all 303 lots comprising the Property in consideration for (a) an initial option payment, which payment has been made to Arroyo; (b) the covenants of New Home Company to timely pay the option payments under the Option Agreement on a monthly basis in arrears; and (c) upon exercise of the option, the payment of the purchase price for each set of lots acquired.

As of October 1, 2023, New Home Company had acquired a total of 252 lots. [The remaining 51 lots are expected to be acquired by New Home Company in two scheduled takedowns expected to occur on October 15, 2023 (15 lots) and January 15, 2024 (36 lots),] although New Home Company may accelerate such acquisitions so long as the required cumulative number of lots are acquired by the applicable takedown date. The failure to acquire the cumulative number of lots by the date required will result in the payment of a premium in addition to the purchase price.

In addition, pursuant to the Option Agreement and with some limitations, Arroyo has granted New Home Company a license to enter upon the property to construct homes before it acquires the lots from Arroyo. To date, New Home Company has obtained building permits for and commenced construction of homes on lots owned by Arroyo and New Home Company's plan is to continue to obtain building permits for and commence home construction on some or all of the remaining lots prior to acquiring them from Arroyo.

The option under the Option Agreement expires on the earlier of (i) the last date permitted for the final takedown specified on the takedown schedule (January 15, 2024) and the expiration of any applicable cure period, or (ii) the date New Home Company has acquired all of the lots in accordance with the Option Agreement. The failure to timely acquire lots could result in the termination of the option and New Home Company will no longer have a right to purchase any of the remaining units under the Option Agreement. The Option Agreement does provide New Home Company a one-time option to acquire all of the lots at once. In the event that New Home Company does not exercise its option, Arroyo, being an investor only and not a homebuilder, would likely attempt to sell such lots to another merchant builder.

Under the Construction Agreement, the Contractor has agreed to use commercially reasonable efforts to construct all of the on-site and off-site improvements and obtain the requisite governmental permits and approvals necessary to create finished lots on the Property pursuant to a construction schedule and Arroyo has agreed to reimburse the Contractor for such development costs up to a guaranteed maximum aggregate contract amount. As of _____, 2023, other than bond exoneration work and final paving, which is to be completed at build out of the Property, all of the work required by the Construction Agreement is substantially complete.

During the term of the Option Agreement and the Construction Agreement, New Home Company is obligated to pay all property taxes and carry-costs related to the Property owned by Arroyo, including but not limited to the Special Tax.

New Home Company Landbank. Arroyo Cap II-1, LLC (previously defined as "Arroyo" or "New Home Company Landbank") is serving as a land bank for New Home Company and is not a homebuilder. Arroyo's sole member is Arroyo Capital, LLC, a Delaware limited liability company ("Arroyo Capital, LLC"). Arroyo Capital, LLC was formed in 2016 by Oaktree Capital Management, L.P. and its strategic partners to service the land and lot development needs of U.S. homebuilders through structured lot option arrangements, also known as "land banking." Arroyo Capital, LLC, through its subsidiary funds, has committed approximately $1.4 billion to date to projects located in California, with a total of approximately 67 projects located in Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, New Jersey, North Carolina, Oregon, South Carolina, Virginia, Washington and Texas. Arroyo Capital, LLC's customers include both publicly-traded builders and larger, well-capitalized privately-held builders. In California, as of October 1, 2023, Arroyo Capital, LLC, through its subsidiary funds, has acquired approximately 5,226 lots in 20 projects, 13 of which have sold out.

The principals of Arroyo Capital, LLC include (i) Dan McCann, a former investment banker covering residential real estate for FBR Capital Markets who has advised or led the acquisition of over a dozen U.S. homebuilders worth several billion dollars, (ii) Leigh Austin who has 30 years of experience in the for-sale residential sector as a business owner, investor, equity provider, banker and broker and who previously held senior positions at Saybrook Community Capital, KB Home, Community Bank, a Canadian based private equity firm, and Citicorp Real Estate, and (iii) Jeff Brouelette, a licensed CPA in the state of California, who founded Strategic Financial Group, LLC, specializing in residential real estate consulting to homebuilders and private equity firms, and previously spent 11 years at Standard Pacific Homes (then CalAtlantic Group, Inc.), serving as Division Controller and then Director of Mergers and Acquisitions.

Through its subsidiary funds, Arroyo Capital, LLC provides capital to public and private homebuilders for residential land acquisition and development. Arroyo Capital, LLC is not a developer or a merchant builder.

Financing Plan. To date, New Home Company has financed its land acquisition and various site development and home construction costs related to its property in the District through internally generated funds and homes sales revenues. As of October 1, 2023, New Home Company had expended approximately $_____ on land acquisition, land development, homebuilding, marketing and sales costs. As of such date, New Home Company expected to incur approximately $_____ on remaining land development costs and approximately $_____ on remaining homebuilding, marketing, and sales costs for its property in the District.

New Home Company expects to use home sales revenues and internal funding to complete its development in the District. New Home Company believes that it will have sufficient funds available to complete its planned development in the District in accordance with the development schedule described in this Official Statement.

Notwithstanding the belief of New Home Company that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to New Home Company will be sufficient to complete the property development and home construction as currently anticipated. While New Home Company has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither New Home Company nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of New Home Company to provide internal financing in the past, New Home Company has not represented in any way that it will do so in the future. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete New Home Company's planned development in the District and other financing by New Home Company is not put into place, there could be a shortfall in the funds required to complete the proposed development by New Home Company and portions of the project may not be developed.

Lennar

General. Lennar Homes of California, LLC, a California limited liability company (previously defined as "Lennar") is based in Irvine, California, and has been in the business of developing residential real estate communities in California since 1996. Lennar is wholly-owned by U.S. Home, LLC, a Delaware limited liability company ("U.S. Home"). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida ("Lennar Corporation"). Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation's Class A and Class B common stock are listed on the New York Stock Exchange under the symbols "LEN" and "LEN.B." respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar and U.S. Home. Lennar Corporation primarily develops residential communities both within the Lennar Corporation family of builders and through consolidated and unconsolidated partnerships in which Lennar Corporation maintains an interest.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the Securities and Exchange Commission (the "SEC"). Such filings, particularly Lennar Corporation's annual report on Form 10-K and its most recent quarterly report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such filings can also be accessed over the internet at the SEC's website at www.sec.gov. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Copies of Lennar Corporation's annual report and related financial statements are available from Lennar Corporation's website at www.Lennar.com. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

Development Plan. Lennar is developing Tax Zone 3 into a neighborhood known as "Fairhaven at Park Place." Tax Zone 3 within the District is generally located at the southwest corner of Merrill Avenue and Remington Avenue within the City and consists of approximately 6.5 gross acres on Tract Map. No. 20389. Tract Map. No. 20389 was recorded on October 11, 2022 and divides Zone 3 into one numbered lot. A Condominium Plan recorded April 3, 2023 divides the one numbered lot into eight numbered modules, which are further divided into 73 residential units.

Fairhaven at Park Place is being developed with 73 single-family homes arranged around shared motor courts. The homes within Fairhaven at Park Place include four two and three-story floorplans ranging in size from 1,450 to 1,805 square feet and from three to four bedrooms. The majority of the homes within Fairhaven at Park Place are detached; however, certain Plan 2 homes are configured at the end of shared motor courts where they share a garage wall in a duplex formation.

Lennar purchased the land for Fair Haven at Park Place on August 12, 2021 from SL Ontario Development Company, LLC (an affiliate of the Master Developer) for $7,076,287. Lennar began selling homes in January 2023 and as of October 1, 2023, 19 homes within Fairhaven at Park Place have been conveyed to individual homeowners and Lennar owned 5 completed model homes, 34 homes in various stages of construction (21 of which were in escrow), and 15 finished lots (none of which were in escrow). Lennar currently expects full buildout of the Fair Haven at Park Place neighborhood by June 2024.

The table below sets forth the estimated number of lots, home sizes and bases sales prices for the Fairhaven at Park Place neighborhood as of October 1, 2023.

Floor Plan	*Approx. Square Footage*	*Total Planned Units*	*Closed to Individuals*	*Completed But Not Closed*[1]	*Under Construction*[2]	*Finished Lots*	*Base Sales Price*[3]
Plan 1	1,450	20	4	1	10	5	$619,935
Plan 2	1,638	21	7	2	8	4	$646,990
Plan 3	1,785	17	3	1	9	4	$629,990
Plan 4	1,805	15	5	1	7	2	$652,990
Totals		73	19	5	34	15	

(1) Includes five completed model units owned by Lennar, none of which are in escrow to individual homeowners.
(2) Includes 21 homes in escrow to individual homeowners.
(3) Base sale prices are estimated as of October 1, 2023. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.
Source: Lennar.

Financing Plan. To date, Lennar has financed its land acquisition and various site development and home construction costs related to its property in the District through internally generated funds and homes sales revenues. As of October 1, 2023, Lennar had expended approximately $37,923,950 on land acquisition, land development, homebuilding, marketing and sales costs. As of such date, Lennar expected to incur approximately $1,521,986 on remaining land development costs and approximately $9,211,289 on remaining homebuilding, marketing, and sales costs for its property in the District.

Lennar expects to use home sales revenues and internal funding to complete its development in the District. Lennar believes that it will have sufficient funds available to complete its planned development in the District in accordance with the development schedule described in this Official Statement.

Notwithstanding the belief of Lennar that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Lennar will be sufficient to complete the property development and home construction as currently anticipated. While Lennar has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Lennar nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of Lennar to provide internal financing in the past, Lennar has not represented in any way that it will do so in the future. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete Lennar's planned development in the District and other financing by Lennar is not put into place, there could be a shortfall in the funds required to complete the proposed development by Lennar and portions of the project may not be developed.

SPECIAL RISK FACTORS

The principal source of payment of debt service on the Series 2023 Bonds will be payments of the Special Tax made with respect to the Taxable Property. As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Special Tax," the Special Tax is to be levied annually against all such Taxable Property either at the maximum rate authorized by the Rate and Method or at such lower rates as are determined by the District Administrator to raise sufficient funds to comply with the agreements, conditions, covenants and terms contained in the Indenture, and in accordance with the Act. The Special Tax is to be collected on the tax roll of the District at the same time and in the same manner as general *ad valorem* real property taxes are collected. The Special Tax cannot be levied at a tax rate higher than the maximum tax rate even if the maximum tax rate will not produce sufficient Net Special Tax Revenues to pay the principal and interest then payable with respect to the Series 2023 Bonds. See discussions below under "— Levy of the Special Tax" and "— Collection of the Special Tax."

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

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

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

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

Even if debt service is timely paid, interest on the Series 2023 Bonds may have to be included in the gross income of the owner of the Series 2023 Bonds by reason of some circumstance occurring subsequent to issuance of the Series 2023 Bonds, thereby reducing the after-tax yield. See "— Loss of Tax Exemption."

Risks of Real Estate Secured Investments Generally – Declines in Value

Purchasers of the Series 2023 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. See the caption "— Increasing Mortgage Interest Rates" below.

No assurance can be given that the individual property owners within the District will pay the Special Tax in the future or that they will be able to pay the Special Tax on a timely basis. See the caption "-Bankruptcy and Legal Delays" for a discussion of certain limitations on the District's ability to pursue judicial proceedings with respect to delinquent parcels within the District.

Levy of the Special Tax

The principal source of money with which to pay debt service on the Series 2023 Bonds is the proceeds derived from the annual levy and collection of the Special Tax applicable to the Taxable Property in the District. The amount of the Special Tax that can be levied is limited to the maximum tax rates authorized pursuant to the Rate and Method. Additionally, pursuant to Section 53321(d) of the Act, 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 ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax on residential parcels in all years. The levies cannot be made at higher rates even if the failure to do so would result in insufficient Net Special Tax Revenues to pay the principal of and interest on the Series 2023 Bonds as the same become due and payable.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of a particular parcel and the amount of the levy of the Special Tax against such parcel. Thus, there will rarely, if ever, be a uniform relationship between the value of a parcel and its proportionate share of the debt service on the Series 2023 Bonds. The Special Tax levied in any particular Fiscal Year on a parcel is based upon the revenue needs of the District and the application of the Rate and Method. The application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each parcel by comparison with similar development factors with respect to the other parcels in the District. Thus, in addition to annual variations in the revenue needs of the District that must be met from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular parcel to vary from the Special Tax that might otherwise be expected:

Reduction in the number of parcels of Taxable Property, for reasons such as acquisition of such parcels by a governmental entity and failure of the governmental entity 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 parcels of Taxable Property; and

Failure of the owners of certain parcels of Taxable Property to pay the applicable Special Tax and delays in the collection of or inability to collect such Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Collection of the Special Tax

The timely payment of the principal of and interest on the Series 2023 Bonds is ultimately dependent upon the timely payment of the Special Tax. Any money on deposit in the Reserve Fund can be used to make such payment in the event of delinquencies, but the replenishment of the Reserve Fund will be dependent on the recovery of such delinquencies. The Indenture provides that the Special Tax is to be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners) and, except as provided in the special covenant for foreclosure described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Covenant for Superior Court Foreclosure" and in the Act, is to be subject to the same proportionate penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes on real property.

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the District has covenanted for the benefit of the owners of the Series 2023 Bonds that it will institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax under certain circumstances. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Covenant for Superior Court Foreclosure." In the event that foreclosure proceedings are commenced, such foreclosure proceedings could be stayed by the commencement of bankruptcy proceedings by or against the owner of the property being foreclosed. In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Series 2023 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Reserve Fund is depleted.

The District may be unable to make full or timely payment of debt service on the Series 2023 Bonds if property owners in the District fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the District is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developer or any other property owner to pay the Special Tax prior to delinquency. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development of land in the District is also subject to the availability of water. Finally, development of land is subject to economic considerations.

As of August 7, 2023, of the 482 homes under active development across all three communities within the District, 224 had been conveyed to individual homeowners and the Merchant Builders collectively owned (or were responsible for paying the Special Tax for) 15 model homes, 53 homes over 95% complete (51 of which were in escrow), 128 homes in various stages of construction (65 of which were in escrow) and 62 finished lots (none of which were in escrow). As of August 7, 2023, Arroyo owned 51 of such lots, and the

failure of New Home Company to acquire lots as scheduled under the Option Agreement could negatively impact New Home Company's ability to develop its property within the District. As of such date, the Master Developer also owned the approximately 14.6-acre Vacant Parcel within Tax Zone 2 of the District. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." A detailed description of the status of the construction as of the date of value of the Appraisal is included in APPENDIX B — "APPRAISAL REPORT."

As of August 7, 2023, all of the property within the District under active development had been rough-graded and all sewer, water, storm drains, streets, curbs and gutters were complete to serve all 482 homes under active development within the District. See "THE COMMUNITY FACILITIES DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT." However, no assurance can be given that the remaining planned residential development will be partially or fully completed; and for purposes of evaluating the investment quality of the Series 2023 Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Series 2023 Bond Owners should it be necessary for the District to foreclose on the property due to the nonpayment of the Special Tax. The failure to complete development in the District as planned, or substantial delays in the completion of the development may reduce the value of the property within the District and increase the length of time during which the Special Tax will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Tax prior to delinquency.

There can be no assurance that land development operations within the District will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Tax. In that event, there could be a default in the payment of principal of, and interest on, the Series 2023 Bonds when due.

Series 2023 Bond Owners should assume that any event that significantly impacts the ability to develop land in the District would cause the property values within the District to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within the District to pay the Special Tax prior to delinquency.

The payment of principal of and interest on the Series 2023 Bonds is dependent upon the receipt of the Special Tax levied on Developed Property, which includes lots in a finished lot condition. Lots in a finished lot condition also provide less security to the Series 2023 Bond Owners should it be necessary for the District to foreclose on such lot due to the nonpayment of the Special Tax. Furthermore, an inability to develop the land within the District as currently planned will make the Series 2023 Bond Owners dependent upon timely payment of the Special Tax levied on Developed Property, which includes lots in a finished lot condition. A slowdown or stoppage in the continued development of the District could reduce the willingness and ability of the Developer to make Special Tax payments on lots in a finished lot condition and could greatly reduce the value of such property in the event it has to be foreclosed upon.

Concentration of Property Ownership

Based on the ownership status as of August 7, 2023, the Merchant Builders are projected to be responsible for approximately 55.25% of the total projected Fiscal Year 2024-25 Special Tax to be levied within the District. Based on ownership status as of October 1, 2023, the Special Tax Consultant estimates that the Merchant Builders will be responsible for approximately ____% of the projected Fiscal Year 2024-25 Special Tax levy. While the District includes completed homes owned by individual homeowners as of

October 1, 2023, the inability or refusal of the Merchant Builders to pay the Special Tax applicable to their respective property when due could result in the depletion of the Reserve Fund prior to replenishment thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Series 2023 Bonds as the same became due.

As described under "PROPERTY OWNERSHIP AND THE DEVELOPMENT—New Home Company," during the term of the Option Agreement, New Home Company is contractually obligated to pay the Special Tax levied on the property subject to such agreement. However, in the event the Option Agreement is terminated prior to New Home Company having acquired all of the lots thereunder, the Special Tax would continue to be levied on the property in the District owned by Arroyo. Arroyo is not a homebuilder; rather, Arroyo is a real estate investment manager that was established for the primary purpose of owning property within the District. No assurances can be made of the willingness and the ability of Arroyo, or its affiliates, to pay such Special Tax.

Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default. As a result, while the Maximum Special Tax pursuant to the Rate and Method may be higher, the Maximum Special Tax on parcels of residential parcels cannot be greater than 110% of the projected actual Special Tax levy on such parcels.

Effect of Additional Bonds on Credit Quality

The District may at any time after the issuance and delivery of the Bonds issue $55,565,000* payable from the Net Special Tax Revenues on a parity with the Outstanding Series 2023 Bonds and any other Additional Bonds theretofore issued under the Indenture or under any Supplemental Indenture for the purpose of funding additional Facilities costs or for the purpose of refunding all or a portion of the Series 2023 Bonds or any Additional Bonds then Outstanding. Additional Bonds may only be issued subject to specific conditions, which are set forth in the Indenture and with which the District must be in compliance. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds" and APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

It is likely that, if Additional Bonds are issued to finance additional Facilities costs, the value-to-lien ratio for certain parcels subject to the Special Tax will be lower than the ratios shown in this Official Statement. If Additional Bonds are issued, the owners of the Series 2023 Bonds will not have any prior claim on the Special Tax levied on the property within the District, but will have an equal claim with the owners of any Additional Bonds on the Net Special Tax Revenues collected within the District. Additional Bonds could also be issued at a time where certain of the property upon which Special Taxes will be levied is undeveloped. This could result in Owners of the Series 2023 Bonds having to rely upon the payment of Special Taxes from Final Mapped Property and/or Undeveloped Property.

Exempt Properties

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

* *Preliminary, subject to change.*

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property in the District, it may be unconstitutional. If for any reason property in the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties in the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of property in the District becomes exempt from the Special Tax because of public ownership, or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Series 2023 Bonds when due and a default would occur with respect to the payment of such principal and interest.

Constitutional Limitations on Taxation and Appropriations

Articles XIIIA and XIIIB of the California Constitution. On June 6, 1978, California voters approved an amendment to the California Constitution, commonly known as Proposition 13 (the Jarvis/Gann Initiative), which added Article XIIIA to the California Constitution. The effect of Article XIIIA is to significantly limit the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. On November 7, 1978, California voters approved Proposition 8, which made certain clarifications to Article XIIIA.

Article XIIIA of the California Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIIIA requires a vote of two-thirds of the qualified electorate to impose special taxes on real property, while otherwise generally precluding the imposition of any additional *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. In addition, Article XIIIA requires the approval of two-thirds of all members of the California Legislature to change any State laws resulting in increased tax revenues.

Enactment of Article XIIIA has reduced the amount of general property tax revenues received by the City. This reduction in such revenues makes it less likely that the City or the District will have surplus funds, other than the Reserve Fund for the Series 2023 Bonds, with which to advance funds to make any payments or to cure any deficiency in the Interest Account or Principal Account of the Special Tax Fund, should the City or the District, as applicable, in the exercise of its discretion, choose to do so. If there are additional delinquencies after exhaustion of funds in the Reserve Fund for the Series 2023 Bonds, none of the City or the District has any obligation to transfer into the Interest Account or Principal Account of the Special Tax Fund the amount of any such delinquencies out of any surplus moneys of the City.

On July 2, 1979, the Fifth District Court of Appeal rendered a 3-0 decision in the case of County of *Fresno v. Malmstrom* (94 Cal.App.3d 974), that determined that special assessments are not subject to the limitations of Article XIIIA (Proposition 13). The Court held the one percent tax limitation imposed by California Constitution Article XIIIA on *ad valorem* taxes does not apply to special assessments levied pursuant to the Improvement Act of 1911 (Streets and Highways Code, Section 5000 *et seq.*, the relevant portions of which are incorporated in the 1915 Act) and the 1913 Act. The Court further held that because special assessments pursuant to such acts are not within the definition of "special taxes" in Article XIIIA, the

Constitution does not require the levy of assessments and the issuance of bonds to be approved by a two-thirds vote of the qualified electors in an assessment district. On September 12, 1979, the California Supreme Court refused to hear an appeal of the lower court's decision.

At the November 6, 1979, general election, Proposition 4 (the Gann Initiative) was approved by the voters of California. Such proposition added Article XIIIB to the California Constitution.

Article XIIIB of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the Fiscal Year 1978-79 and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

On December 17, 1980, the Third District Court of Appeal rendered a 3-0 decision in the case *County of Placer v. Corin* (113 Cal. App. 3d 443) that determined that special assessments are not subject to the limitation of Article XIIIB (Proposition 4). The Court held that the definition of "proceeds of taxes" imposed by California Constitution Article XIIIB does not apply to special assessments and improvement bonds issued pursuant to the 1915 Act and the 1913 Act. The decision of the Court was not appealed.

The enactment of Article XIIIA of the California Constitution (Proposition 13) and subsequent legislative enactments effectively repeal the otherwise mandatory duty on the part of the City, under the 1915 Act, to levy and collect a special tax (in an amount necessary to meet delinquencies, but not to exceed ten cents on each $100 of assessable property within the City in any one year) if other funds are not available to cover delinquencies.

In early 1990, the U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Article XIIIA provides that property may only be assessed up to 2%, per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Article XIIIA.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIIIA. Two cases involve residential property and one case involves commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIIIA's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently decided to drop the case.

On October 7, 1991, the U.S. Supreme Court granted the plaintiff's petition for a writ of certiorari and agreed to hear the *Nordlinger v. Lynch* case. On June 18, 1992, the U.S. Supreme Court affirmed the Nordlinger decision (112 U.S. 2326) of the California Court of Appeal, Second Appellate District, which previously held that Article XIIIA does not violate the U.S. Constitution.

The City cannot predict whether any other pending or future challenges to the State's present system of property tax assessment will be successful, when the ultimate resolution of any challenge will occur, or the ultimate effect any decision regarding the State's present system of property tax assessment will have on the City's revenues or on the State's financial obligations to local governments.

Articles XIIIC and XIIID of the California Constitution. Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act," was approved by California voters on November 6, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, and, with the exception of certain provisions, Articles XIIIC and XIIID became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes, or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special purpose districts, including community facilities districts and assessment districts, have no power to levy general taxes. The City believes that the issuance of the Series 2023 Bonds does not require the conduct of further proceedings under the Mello-Roos Act, or Proposition 218, as applicable, other than as described herein.

Proposition 218 provides that the initiative power shall "not be prohibited or otherwise limited in matters reducing or repealing any local tax, assessment, fee or charge..." Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Special Tax. Consequently, it is conceivable that the voters of the City or the District could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

Although the provisions of Article XIIIC have not been interpreted by the courts, the City believes that the initiative power cannot be used to reduce or repeal the unpaid Special Tax that are pledged as security for payment of the Series 2023 Bonds or to otherwise interfere with the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Special Tax that are pledged as security for payment of the Series 2023 Bonds.

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

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). There were no registered voters

in the District at the time of formation. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax elections in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. On December 21, 2021, the Master Developer, Woodside, Arroyo, Lennar and New Home Company, the qualified voters within the District at the time of the election, approved the Special Tax and the issuance of bonds. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the City believes the Special Tax is being levied in accordance with the Rate and Method.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Maximum Special Tax

Within the limits of the Special Tax, the District may adjust the Special Tax levied on all property in the District to provide an amount required to pay interest on and principal of the Series 2023 Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement for the respective Bonds and to pay Administrative Expenses. However, the amount of the Special Tax that may be levied against any property in the District is subject to the Maximum Special Tax applicable to it. There is no assurance that the Maximum Special Tax on the property in the District will be sufficient to pay the amounts required to be paid by the Indenture at all times. Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Special Tax."

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

An owner of a parcel of Taxable Property is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation only against the parcel of Taxable Property. If the value of a parcel is not sufficient, taking into account other obligations also payable thereby, to fully secure the Special Tax, the District has no recourse against the owner.

Disclosures to Future Purchasers

The District 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, a home or a commercial or industrial facility in the District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello–Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Parity Taxes and Special Assessments

The ability or willingness of a property owner in the District to pay the Special Tax could be affected by the existence of other taxes and assessments imposed upon the property. The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special tax and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or assessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The District has no control over the ability of other entities and districts to issue indebtedness secured by special tax or assessments payable from all or a portion of the property in the District. In addition, the City is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the District. In the event any additional improvements are financed pursuant to the establishment of an assessment district, community facilities district or other district, any taxes or assessments levied to finance such improvements will have a lien on a parity with the lien of the Special Tax. The imposition of additional liens on a parity with the Special Tax could reduce the ability or willingness of the property owners to pay the Special Tax and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Tax or the principal of and interest on the Series 2023 Bonds when due.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. Money in said fund may be used to pay debt service on the Series 2023 Bonds in the event the proceeds of the levy and collection of the Special Tax against property in the District are insufficient. If funds in the Reserve Fund are used to pay debt service on the Series 2023 Bonds, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid pursuant to the Indenture. However, no replenishment from the proceeds of a levy of the Special Tax can occur as long as the proceeds that are collected from the levy of the Special Tax at the maximum tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted by its use to pay such amounts and will not be replenished by the levy of the Special Tax. There is no assurance that the amount in the Reserve Fund will, at any particular time, be sufficient to pay all such amounts or that any amounts of the Reserve Requirement used for debt service on the Series 2023 Bonds will be fully replenished from the proceeds of the levy and collection of the Special Tax.

Bankruptcy and Legal Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, the bankruptcy of a property owner could result in a delay in prosecuting superior court

foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Any such delays could increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2023 Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of the Special Tax, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws against Taxable Property, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

FDIC/Federal Government Interests In Properties

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

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

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

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

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Tax, 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 Tax and preserve the federal government's mortgage interest.

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

Geologic, Topographic and Climatic Conditions

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

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a designated Earthquake Study Zone and there are no known active faults crossing the site. However, the Chino Fault is located approximately 6.6 miles southwest of the District and the Cucamonga Fault Zone is located approximately 12.6 miles north of the District. Other known regional active faults that could affect the site include the Whittier, Elsinore-Glen Ivy, San Jose, Cucamonga, Sierra Madre, San Jacinto-San Bernardino segment, Puente Hills and San Andreas faults.

The Federal Emergency Management Agency has determined that the District is located in a Zone "X" flood area (an area of minimal flooding, within the 500-year flood plain), and flood insurance will not be required. The area is protected by a levee.

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

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

Methane Gas

[Like much of the property within the City and surrounding areas, the property within the District has previously been utilized as dairy pastures and agricultural fields. A Methane Gas Investigation report dated _____, 20__ (the "MGI") was prepared by _____ for _____. The MGI concluded that based on the results of field sampling and lab testing, it was determined that methane gas was either not detected or below the level that would require any type of remediation or further studies.]

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

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

While the District is not aware that the owner (or operator) of any of 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 District is not aware of them. The Merchant Builders and the Master Developer have also represented to the District that they are not aware of any federally or State classified hazardous substances located on its property within the District.

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 which 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 which 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 a parcel of Taxable Property that is realizable upon a delinquency.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2023 Bonds in the event of a payment default or other default under the terms of the Series 2023 Bonds or the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State, or any political subdivision thereof, is pledged to the payment of the Series 2023 Bonds. The Series 2023 Bonds are limited obligations of the District; and, except as provided in the Indenture, they are payable solely from Net Special Tax Revenues and the other assets pledged therefor under the Indenture. Net Special Tax Revenues could be insufficient to pay debt service on the Series 2023 Bonds as a result of delinquencies in the payment of the Special Tax or the insufficiency of proceeds derived from the sale of land within the District following a delinquency in the payment of the applicable Special Tax. Neither the City nor the District has any obligation to pay debt service on the Series 2023 Bonds in the event of insufficient Net Special Tax Revenues, except to the extent that money is available for such purpose in the Reserve Fund. The District's only obligation with respect to delinquent Special Tax is to pursue judicial foreclosure proceedings under the circumstances described in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS — Covenant for Superior Court Foreclosure."

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Series 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the District subsequent to the issuance of the Series 2023 Bonds in violation of the District's covenants with respect to the Series 2023 Bonds. Should interest become includable in gross income, the Series 2023 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Tax at any time. Such payments will result in a mandatory redemption of Series 2023 Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Series 2023 Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Series 2023 Bonds. See "THE SERIES 2023 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*."

No Teeter Plan

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

Impact of Economic Conditions on the Development in the District

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

Increasing Mortgage Interest Rates

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

CONTINUING DISCLOSURE

The District

Pursuant to the District Continuing Disclosure Agreement, the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found on the Internet at *www.emma.msrb.org* ("EMMA") on an annual basis, commencing April 1, 2024, certain financial information and operating data concerning the District. The District has further agreed to provide notice to EMMA of certain listed events. The District's covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission.

The District has not previously entered into any undertaking with respect to Rule 15c2-12. However, the City and its related governmental entities (the "City Entities") for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings have previously entered into numerous disclosure undertakings under the Rule 15c2-12 in connection with the issuance of long-term obligations.

In order to ensure ongoing compliance with its continuing disclosure undertakings, the City has designated staff members within the Investments & Revenue Resources Department with the responsibility of ensuring timely and complete filings. In addition, the City has retained an outside consultant to conduct periodic reviews of City compliance.

Within the last five years, the City and the City Entities have not failed to timely comply with their respective prior continuing disclosure obligations under Rule 15c2-12 in all material respects except that certain information with respect to outstanding indebtedness of the City was not included in the Fiscal Year 2021 annual report for the Ontario Public Financing Authority 2017 Lease Revenue Refunding Bonds, the City of Ontario 2020 Taxable Pension Obligations Bonds and the Ontario Public Financing Authority 2021 Lease Revenue Refunding Bonds, Series A (Federally Taxable); the City's Fiscal Year 2020-21 audited financial statements were not available at the time of the 2021 annual reports but have since been posted and such information is included in the notes to the City's Fiscal Year 2020-21 audited financial statements. The full text of the form of the District Continuing Disclosure Agreement is set forth in APPENDIX G.

New Home Company

New Home Company will also covenant in a Developer Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information within the Official Statement regarding its property in the District and notices of certain significant events. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of New Home Company is contained in Appendix H — "FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT."

[To the actual knowledge of New Home Company, other than as disclosed below, New Home Company has not failed to comply in any material respects with its previous undertakings by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities district or assessment district bond issues in southern California within the past five years.]

The obligations of New Home Company under its Developer Continuing Disclosure Agreement will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date on which New Home Company and any affiliate of New Home Company, collectively, have conveyed to homebuyers at least __ of the __ residential units planned to be constructed by New Home in the District subject to the Special Tax; or (iii) the date on which __ or more of the __ residential units planned to be constructed in the District subject to the Special Tax have been conveyed to homebuyers.

The Master Developer

The Master Developer will also covenant in a Developer Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information within the Official Statement regarding its property in the District and notices of certain significant events. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of the Master Developer is contained in Appendix H — "FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT."

[To the actual knowledge of the Master Developer, other than as disclosed below, the Master Developer has not failed to comply in any material respects with its previous undertakings by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities district or assessment district bond issues in southern California within the past five years.

The obligations of the Master Developer under its Developer Continuing Disclosure Agreement will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date on which the Master Developer and any affiliate of the Master Developer, collectively, have conveyed to homebuyers at least __ of the __ residential units planned to be constructed by the Master Developer in the District subject to the Special Tax; or (iii) the date on which __ or more of the __ residential units planned to be constructed in the District subject to the Special Tax have been conveyed to homebuyers.]

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial Owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of

Beneficial Owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Series 2023 Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Series 2023 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Series 2023 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2023 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2023 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

ABSENCE OF LITIGATION

In connection with the issuance of the Series 2023 Bonds, Best Best & Krieger LLP ("Issuer's Counsel") will deliver an opinion to the effect that, to Issuer's Counsel's current actual knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending (notice of which has been served on the City or the District) or to the Issuer's Counsel's current actual knowledge, threatened, wherein an unfavorable decision, ruling or finding, against or affecting the City or the District, would adversely impact the ability of the City or the District to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Tax, or in any way contest or affect the validity of the Series 2023 Bonds, the Indenture, the Special Tax, or the transactions described herein.

ABSENCE OF RATINGS

The District has not made, and does not contemplate making, application to any rating organization for a rating on the Series 2023 Bonds.

CERTAIN LEGAL MATTERS

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A copy of the form of such approving opinion is attached hereto as APPENDIX D. Copies of such approving opinion will accompany each Series 2023 Bond. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Series 2023 Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the City and the District by the Issuer's Counsel and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach,

California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Francisco, California.

Although it is serving as Bond Counsel to the District in connection with the issuance and sale of the Series 2023 Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the Series 2023 Bonds. Disclosure Counsel and the Issuer's Counsel also represent the Underwriter in connection with other financings and matters unrelated to the Series 2023 Bonds.

UNDERWRITING

The Series 2023 Bonds are being purchased by Samuel A. Ramirez & Co., Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2023 Bonds at a price of $_____ (being the $_____ aggregate principal amount thereof, [plus/less] [net] original issue [premium/discount] of $_____ and less Underwriter's discount of $_____). The purchase agreement relating to the Series 2023 Bonds provides that the Underwriter will purchase all of the Series 2023 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2023 Bonds to certain dealers and others at prices lower than the offering price stated on the cover page thereof. The offering price may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Municipal Advisor, Bond Counsel, Disclosure Counsel, Underwriter, and Underwriter's Counsel are contingent upon the issuance and delivery of the Series 2023 Bonds.

MUNICIPAL ADVISOR

The District has retained CSG Advisors Incorporated, San Francisco, California, as municipal advisor (the "Municipal Advisor") for the sale of the Series 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2023 Bonds. Quotations and summaries and explanations of the Series 2023 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

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

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)

By: _____
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes shall be levied on all Assessor's Parcels in the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) ("CFD No. 56") and collected each Fiscal Year, commencing in Fiscal Year 2022-23, in an amount determined by the City Council of the City of Ontario through the application of the Rate and Method of Apportionment, as described below. All of the real property in CFD No. 56, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County map.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 56: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or CFD No. 56 or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City or CFD No. 56 of complying with arbitrage rebate requirements; the costs to the City or CFD No. 56 of complying with City, CFD No. 56, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City or CFD No. 56 related to the analysis and reduction, if any, of the Special Tax A on Single Family Property in accordance with Section C.1 herein; the costs of the City or CFD No. 56 related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; the City's administration fees and third party expenses; the costs of City staff time and reasonable overhead relating to CFD No. 56; and amounts estimated or advanced by the City or CFD No. 56 for any other administrative purposes of the CFD, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

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

"Assigned Special Tax A" means the Special Tax A for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.2 below.

"Backup Special Tax A" means the Special Tax A for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.3 below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act) issued by CFD No. 56 under the Act and payable from Special Tax A.

"Buildable Lot" means an individual lot, within a Final Subdivision Map or an area expected by CFD No. 56 to become Final Mapped Property, such as the area within a Tentative Tract Map, for which a building permit may be issued without further subdivision of such lot.

"CFD Administrator" means an official of the City responsible for determining the Special Tax A Requirement and Special Tax B Requirement, providing for the levy and collection of the Special Taxes, and performing the other duties provided for herein.

"CFD No. 23" means City of Ontario Community Facilities District No. 23 (Park Place Services).

"CFD No. 32" means City of Ontario Community Facilities District No. 32 (Archibald/Schaefer – Services).

"CFD No. 56" means City of Ontario Community Facilities District No. 56 (Parkside/La Avenida).

"City" means the City of Ontario, California.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 56.

"Contractual Impositions" means (a) a voluntary contractual assessment established and levied on an Assessor's Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as amended from time to time, (b) a special tax established and levied on an Assessor's Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax, or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof (e.g., property owner association assessments).

"County" means the County of San Bernardino.

"Designated Buildable Lot" means a Buildable Lot for which a building permit has not been issued by the City as of the date of calculation of the Backup Special Tax A.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Final Mapped Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a building permit or other applicable permit for new construction was issued after January 1, 2021, and before May 1 of the prior Fiscal Year.

"Expected Residential Lot Count" means 106 Buildable Lots of Single Family Property in Tax Zone 1, 303 Buildable Lots of Single Family Property in Tax Zone 2, and 73 Buildable Lots of Single Family Property in Tax Zone 3, or, as determined by the CFD Administrator, the number of Buildable

Lots of Single Family Property based on the most recent Tentative Tract Map(s) or most recently recorded Final Subdivision Map(s) or modified Final Subdivision Map(s).

"Facilities" means the public facilities authorized to be financed, in whole or in part, by CFD No. 56.

"Final Mapped Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, which as of January 1 of the previous Fiscal Year was located within a Final Subdivision Map. The term Final Mapped Property shall include any parcel map or Final Subdivision Map, or portion thereof, that creates individual lots for which a building permit may be issued, including Parcels that are designated as a remainder Parcel (i.e., one where the size, location, etc., precludes any further subdivision or taxable use).

"Final Subdivision Map" means a final tract map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or a condominium plan recorded pursuant to California Civil Code Section 4285 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

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

"Gated Community Attached Dwelling Unit" means, with respect to Special Tax B, a Unit within any residential building containing two or more dwelling units (including attached condominiums, townhouses, duplexes, triplexes, and apartments) within a gated community that, within such community, is primarily served by private interior streets.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Tables 1, 2, 3, and 4 below.

"Lower Income Household Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 56 that is subject to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the most recent County assessor's roll finalized prior to such Fiscal Year.

"Maximum Special Tax A" means, with respect to an Assessor's Parcel of Taxable Property, the Maximum Special Tax A determined in accordance with Section C.1 below that can be levied in any Fiscal Year on such Assessor's Parcel of Taxable Property.

"Maximum Special Tax B" means, with respect to an Assessor's Parcel of Taxable Property, the Maximum Special Tax B determined in accordance with Section C.2 below that can be levied in any Fiscal Year on such Assessor's Parcel of Taxable Property.

"Minimum Sale Price" means the minimum price at which Units of a given Land Use Class have sold or are expected to be sold in a normal marketing environment and shall not include prices for such Units that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

"Multiple Family Dwelling Unit" means, with respect to Special Tax B, a Unit within any residential building containing two or more dwelling units, including attached condominiums, townhomes, duplexes, triplexes, and apartments, but excluding Gated Community Attached Dwelling Units.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued by the City permitting the construction of one or more non-residential structures or facilities.

"Other Residential Property" means, with respect to Special Tax A, all Assessor's Parcels of Developed Property for which a building permit was issued by the City for purposes of constructing Units, excluding Single Family Attached Property and Single Family Detached Property.

"Outstanding Bonds" means all Bonds which are outstanding under and in accordance with the provisions of the Indenture.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 56 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 56 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 56, (ii) the City, (iii) any owner of real property in CFD No. 56, or (iv) any real property in CFD No. 56, and (e) is not connected with CFD No. 56 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 56 or the City.

"Price Point Study" means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 56 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means (a) for Developed Property in the first step of Section D.1 below, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is equal for all Assessor's Parcels of Developed Property; however, for Developed Property in the fourth step of Section D.1 below, Proportionately means that the amount of the increase above the Assigned Special Tax A, if necessary, is equal for all Assessor's Parcels of Developed Property, except that if the Backup Special Tax A limits the increase on any Assessor's Parcel(s), then the amount of the increase shall be equal for the remaining Assessor's Parcels; (b) with respect to Special Tax B, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is equal for all Assessor's Parcels of Developed Property; (c) for Final Mapped Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is equal for all Assessor's Parcels of Final Mapped Property; (d) for Undeveloped Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is equal for all Assessor's Parcels of Undeveloped Property; (e) for Taxable Property Owner Association Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is equal for all Assessor's Parcels of Taxable Property Owner Association Property; and (f) for Taxable Public Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is equal for all Assessor's Parcels of Taxable Public Property.

"Public Property" means, for each Fiscal Year, property within the boundaries of CFD No. 56 that is (a) owned by, irrevocably offered to, or dedicated to the federal government, the State, the County, the City, or any local government or other public agency or (b) encumbered by an easement for purposes of public or utility right-of-way that makes impractical its use for any purpose other than that set forth in such easement; provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Tax.

"Residential Floor Area" means all of the Square Footage of living area within the perimeter of a Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be as set forth in the building permit(s) issued for such Assessor's Parcel, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by CFD No. 56. The actual Square Footage shall be rounded up to the next whole square foot. Once such determination has been made for an Assessor's Parcel, it shall remain fixed in all future Fiscal Years unless an appeal pursuant to Section F below is approved that results in a change in the actual Square Footage.

"Residential Property" means, for each Fiscal Year, an Assessor's Parcel for which a building permit for new construction of one or more Units was issued after January 1, 2021, and before May 1 of the prior Fiscal Year.

"Services" means the services authorized to be financed, in whole or in part, by CFD No. 56.

"Single Family Attached Property" means all Assessor's Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex unit, which may share an Assessor's Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures within a condominium project as defined in Civil Code Section 4125.

"Single Family Detached Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for construction of a Unit, on one legal lot, that does not share a common wall with another Unit.

"Single Family Detached Dwelling Unit" means a Unit of Single Family Detached Property.

"Single Family Property" means all Assessor's Parcels of Single Family Attached Property and Single Family Detached Property.

"Special Taxes" means, collectively, Special Tax A and Special Tax B.

"Special Tax A" means the special tax authorized by the qualified electors of CFD No. 56 to be levied within the boundaries of CFD No. 56 to pay for Facilities and Services.

"Special Tax A Requirement" means for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established under the Indenture, for CFD No. 56 to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including, but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay a pro rata share of Administrative Expenses; (iv) provide any amounts required to establish or replenish any reserve fund for the Bonds; (v) pay directly for acquisition or construction of Facilities, or the cost of Services, to the extent that the inclusion of such amounts does not increase the Special Tax A levy on Final Mapped Property or Undeveloped Property; and (vi) provide an amount equal to Special Tax A delinquencies based on the historical delinquency rate for Special Tax A as determined by the CFD Administrator.

"Special Tax B" means the special tax authorized by the qualified electors of CFD No. 56 to be levied within the boundaries of Tax Zone 2 of CFD No. 56 to pay for Services.

"Special Tax B Requirement" means for any Fiscal Year that amount required, after taking into account available amounts in any funds and accounts established to pay for Services, to pay the cost of Services, a pro rata share of Administrative Expenses, and an amount equal to Special Tax B delinquencies based on the historical delinquency rate for Special Tax B as determined by the CFD Administrator.

"Square Footage" or **"Sq. Ft."** means the floor area square footage reflected on the original construction building permit, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by CFD No. 56, issued for construction of Residential Property or Non-Residential Property, plus any square footage subsequently added to a building of Non-Residential Property after issuance of a building permit for expansion or renovation of such building.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within the boundaries of CFD No. 56 that are not exempt from the Special Taxes pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Taxes pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Taxes pursuant to law or Section E below.

"Tax Zone" means a mutually exclusive geographic area, within which particular Special Taxes may be levied pursuant to this Rate and Method of Apportionment. Attachment 1 identifies the three Tax Zones in CFD No. 56.

"Tax Zone 1" means the geographic area designated in Attachment 1 of this Rate and Method of Apportionment as Tax Zone 1, is consistent with the boundary of TTM 20298, and is commonly referred to as the La Avenida/Woodside Homes project.

"Tax Zone 2" means the geographic area designated in Attachment 1 of this Rate and Method of Apportionment as Tax Zone 2, is consistent with the boundary of TTM 20316, and is commonly referred to as the Parkside/New Home Company project.

"Tax Zone 3" means the geographic area designated in Attachment 1 of this Rate and Method of Apportionment as Tax Zone 3, is consistent with the boundary of TTM 18913-4, and is commonly referred to as the Park Place PA 27/Lennar project.

"Tentative Tract Map" means a map: (i) showing a proposed subdivision of an Assessor's Parcel(s) and the conditions pertaining thereto; (ii) that may or may not be based on a detailed survey; and (iii) that is not recorded by the County to create legal lots.

"Total Tax Burden" means, for a Unit within a Land Use Class, for the Fiscal Year in which the Total Tax Burden is being calculated, the sum of (a) the Assigned Special Tax A for such Land Use Class for such Fiscal Year, plus (b) with respect to Tax Zone 1, the Special Tax of CFD No. 32 for such Land Use Class for such Fiscal Year; with respect to Tax Zone 2, the Special Tax B for such Land Use Class for such Fiscal Year; and with respect to Tax Zone 3, the Special Tax of CFD No. 23 for such Land Use Class for such Fiscal Year, plus (c) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes, and

assessments (which do not include Contractual Impositions) collected by the County on *ad valorem* tax bills, plus (d) property owner association assessments (but excluding the refuse collection portion of such assessments), and that the CFD Administrator estimates would be levied or imposed on such Unit in such Fiscal Year if the residential dwelling unit thereon or therein had been completed and sold, and was subject to such fees, charges, taxes, and assessments in such Fiscal Year.

"Trustee" means the trustee or fiscal agent under the Indenture.

"TTM 18913-4" means Tentative Tract Map No. 18913-4, the area of which is located within CFD No. 56.

"TTM 20298" means Tentative Tract Map No. 20298, the area of which is located within CFD No. 56.

"TTM 20316" means Tentative Tract Map No. 20316, the area of which is located within CFD No. 56.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Public Property, or Taxable Property Owner Association Property.

"Unit" means an individual single-family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, beginning with Fiscal Year 2022-23, all Taxable Property within CFD No. 56 shall be organized into Tax Zone 1, Tax Zone 2, or Tax Zone 3, and then classified as Developed Property, Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment as determined pursuant to Sections C and D below.

Assessor's Parcels of Developed Property shall be further classified as: Single Family Attached Property, Single Family Detached Property, or Other Residential Property (for Special Tax A); Single Family Detached Dwelling Unit, Multiple Family Dwelling Unit, or Gated Community Attached Dwelling Unit (for Special Tax B); or Non-Residential Property. For Special Tax A, Assessor's Parcels of Single Family Property in Tax Zone 1 shall be assigned to Land Use Classes 1 through 9, Single Family Property in Tax Zone 2 shall be assigned to Land Use Classes 12 through 24, and Single Family Property in Tax Zone 3 shall be assigned to Land Use Classes 27 through 38, as listed in Tables 1, 2, and 3 below based on the Residential Floor Area of the Units on such Assessor's Parcels. Also for Special Tax A, Other Residential Property and Non-Residential Property shall be assigned to Land Use Classes 10 and 11, respectively, in Tax Zone 1, Land Use Classes 25 and 26 in Tax Zone 2, and Land Use Classes 39 and 40 in Tax Zone 3.

C. MAXIMUM SPECIAL TAX

1. Special Tax A

At least 30 days prior to the issuance of Bonds, the Assigned Special Tax A on Developed Property (set forth in Tables 1, 2, and 3 below) shall be analyzed in accordance with and subject to the conditions set forth in this Section C. At such time, CFD No. 56 shall select and engage a Price Point Consultant and the CFD Administrator shall request the Price Point

Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Units within each Land Use Class.

Tax Zone 1 and Tax Zone 2

If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden, excluding property owner association assessments, applicable to Units within one or more Land Use Classes of Single Family Property to be constructed within Tax Zone 1 or Tax Zone 2 exceeds 1.95% of the Minimum Sale Price of such Units, the Assigned Special Tax A shall be reduced to the extent necessary to cause the Total Tax Burden, excluding property owner association assessments, that shall apply to Units within such Land Use Class(es) not to exceed 1.95% of the Minimum Sale Price of such Units.

Tax Zone 3

If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to Units within one or more Land Use Classes of Single Family Property to be constructed within Tax Zone 3 exceeds 2.34% of the Minimum Sale Price of Units of Single Family Detached Property or 2.64% of the Minimum Sale Price of Units of Single Family Attached Property, the Assigned Special Tax A shall be reduced to the extent necessary to cause the Total Tax Burden that shall apply to Units within such Land Use Class(es) not to exceed 2.34% or 2.64% of the Minimum Sale Price of Units of Single Family Detached Property or Single Family Attached Property, respectively. In addition, if based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden, excluding property owner association assessments, applicable to Units within one or more Land Use Classes of Single Family Property to be constructed within Tax Zone 3 exceeds 1.95% of the Minimum Sale Price of such Units, the Assigned Special Tax A shall be reduced to the extent necessary to cause the Total Tax Burden, excluding property owner association assessments, that shall apply to Units within such Land Use Class(es) not to exceed 1.95% of the Minimum Sale Price of such Units.

Each Assigned Special Tax A reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Special Tax A, the Backup Special Tax A shall also be reduced by the CFD Administrator based on the percentage reduction in Maximum Special Tax A revenues within the Tentative Tract Map area(s) where the Assigned Special Tax A reductions occurred. Upon determining the reductions, if any, in the Assigned Special Tax A and Backup Special Tax A required pursuant to this Section C, the CFD Administrator shall complete the Certificate of Modification of Special Tax substantially in the form attached hereto as Exhibit A (the "Certificate of Modification"), shall execute such completed Certificate of Modification, and shall deliver such executed Certificate of Modification to CFD No. 56. Upon receipt thereof, if in satisfactory form, CFD No. 56 shall execute such Certificate of Modification. The reduced Assigned Special Tax A and Backup Special Tax A specified in such Certificate of Modification shall become effective upon the execution of such Certificate of Modification by CFD No. 56.

The Special Tax A reductions required pursuant to this section shall be reflected in an amended notice of Special Tax lien, which CFD No. 56 shall cause to be recorded with the County Recorder as soon as practicable after execution of the Certificate of Modification by CFD No. 56. The reductions in this section apply to Single Family Property, but not to Other Residential Property or Non-Residential Property.

a. Developed Property

1) *Maximum Special Tax A*

The Maximum Special Tax A that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax A or (ii) the amount derived by application of the Backup Special Tax A. The Maximum Special Tax A shall not increase in future years, other than as calculated pursuant to Section C.1.a.3 below.

2) *Assigned Special Tax A*

The Assigned Special Tax A that may be levied in any Fiscal Year for each Land Use Class is shown below in Tables 1, 2, and 3.

TABLE 1
TAX ZONE 1
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
1	Single Family Property	< 1,801	$2,758 per Unit
2	Single Family Property	1,801 – 1,900	$2,845 per Unit
3	Single Family Property	1,901 – 2,000	$2,868 per Unit
4	Single Family Property	2,001 – 2,100	$2,935 per Unit
5	Single Family Property	2,101 – 2,200	$3,066 per Unit
6	Single Family Property	2,201 – 2,300	$3,102 per Unit
7	Single Family Property	2,301 – 2,400	$3,169 per Unit
8	Single Family Property	2,401 – 2,500	$3,255 per Unit
9	Single Family Property	> 2,500	$3,349 per Unit
10	Other Residential Property		$48,482 per Acre
11	Non-Residential Property		$48,482 per Acre

TABLE 2
TAX ZONE 2
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
12	Single Family Property	< 901	$2,184 per Unit
13	Single Family Property	901 – 1,000	$2,371 per Unit
14	Single Family Property	1,001 – 1,100	$2,542 per Unit
15	Single Family Property	1,101 – 1,200	$2,693 per Unit
16	Single Family Property	1,201 – 1,300	$2,924 per Unit
17	Single Family Property	1,301 – 1,400	$3,175 per Unit
18	Single Family Property	1,401 – 1,500	$3,283 per Unit
19	Single Family Property	1,501 – 1,600	$3,340 per Unit
20	Single Family Property	1,601 – 1,700	$3,436 per Unit
21	Single Family Property	1,701 – 1,800	$3,561 per Unit
22	Single Family Property	1,801 – 1,900	$3,778 per Unit
23	Single Family Property	1,901 – 2,000	$4,221 per Unit
24	Single Family Property	> 2,000	$4,406 per Unit
25	Other Residential Property		$76,571 per Acre
26	Non-Residential Property		$76,571 per Acre

TABLE 3
TAX ZONE 3
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
27	Single Family Detached Property	< 1,101	$2,508 per Unit
28	Single Family Detached Property	1,101 – 1,300	$2,694 per Unit
29	Single Family Detached Property	1,301 – 1,500	$3,368 per Unit
30	Single Family Detached Property	1,501 – 1,700	$3,421 per Unit
31	Single Family Detached Property	1,701 – 1,900	$3,672 per Unit
32	Single Family Detached Property	1,901 – 2,100	$4,153 per Unit
33	Single Family Detached Property	> 2,100	$4,515 per Unit
34	Single Family Attached Property	< 1,301	$2,716 per Unit
35	Single Family Attached Property	1,301 – 1,500	$2,880 per Unit
36	Single Family Attached Property	1,501 – 1,700	$3,452 per Unit
37	Single Family Attached Property	1,701 – 1,900	$3,554 per Unit
38	Single Family Attached Property	> 1,900	$3,885 per Unit
39	Other Residential Property		$125,970 per Acre
40	Non-Residential Property		$125,970 per Acre

3) Backup Special Tax A

The Backup Special Tax A shall be $3,009 per Unit for Single Family Property in Tax Zone 1, $3,175 in Tax Zone 2, and $3,525 in Tax Zone 3. However, if the Expected Residential Lot Count does not equal 106 for Single Family Property in Tax Zone 1, 303 in Tax Zone 2, and 73 in Tax Zone 3, and the City has not issued Bonds, then the Backup Special Tax A for Designated Buildable Lots of Single Family Property in each Tax Zone shall be calculated according to the following formulas:

Tax Zone 1	=	$318,961 ÷ Expected Residential Lot Count in Tax Zone 1 for Single Family Property
Tax Zone 2	=	$962,038 ÷ Expected Residential Lot Count in Tax Zone 2 for Single Family Property
Tax Zone 3	=	$257,356 ÷ Expected Residential Lot Count in Tax Zone 3 for Single Family Property

If any portion of a Final Subdivision Map, or any area expected by CFD No. 56 to become Final Mapped Property – such as the area within TTM 18913-4, TTM 20298, TTM 20316, or any other Tentative Tract Map – changes any time after the City has issued Bonds, causing an adjustment to the number of Designated Buildable Lots, then the Backup Special Tax A for all Designated Buildable Lots of Single Family Property subject to the change shall be calculated according to the following steps:

Step 1: Determine the total Backup Special Tax A that could have been collected from Designated Buildable Lots of Single Family Property within the applicable Tax Zone, prior to the Final Subdivision Map or expected Final Mapped Property change.

Step 2: Divide the amount determined in Step 1 by the number of Designated Buildable Lots of Single Family Property that exists in the applicable Tax Zone after the Final Subdivision Map or expected Final Mapped Property change.

Step 3: Apply the amount determined in Step 2 as the Backup Special Tax A per Unit for Single Family Property in the applicable Tax Zone.

The Backup Special Tax A for an Assessor's Parcel shall not change once an Assessor's Parcel is classified as Developed Property.

b. Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property

The Maximum Special Tax A for Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property shall be $48,482 per Acre in Tax Zone 1, $76,571 per Acre in Tax Zone 2, and $125,970 per Acre in Tax Zone 3, and shall not be subject to increase or reduction and, therefore, shall remain the same in every Fiscal Year.

2. Special Tax B

The Maximum Special Tax B for each Assessor's Parcel classified as Developed Property in Tax Zone 2 shall be determined by reference to Table 4 below.

TABLE 4
TAX ZONE 2
MAXIMUM SPECIAL TAX B – DEVELOPED PROPERTY

Land Use Class	Maximum Special Tax B Fiscal Year 2022-23
Residential Property	
Single Family Detached Dwelling Unit	$1,623.20 per Unit
Multiple Family Dwelling Unit	$1,406.69 per Unit
Gated Community Attached Dwelling Unit	$1,179.66 per Unit
Non-Residential Property	$0.296000 per Sq. Ft.

On January 1 of each Fiscal Year, commencing January 1, 2023, the Maximum Special Tax B to be applied in the next Fiscal Year shall be subject to an automatic increase at a rate equal to 4.0% of the amount in effect for the prior Fiscal Year.

3. Multiple Land Use Classes on an Assessor's Parcel

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax A levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Units of Single Family Property and Acres of Other Residential Property and Non-Residential Property (based on the pro rata share of Square Footage between Other Residential Property and Non-Residential Property, according to the applicable building permits, Final Subdivision Map, parcel map, condominium plan, or other recorded County map) located on that Assessor's Parcel. The Maximum Special Tax B levied on such Assessor's Parcel in Tax Zone 2 shall be the sum of the Maximum Special Tax B for all Units of Residential Property and all Square Footage of Non-Residential Property (based on the applicable building permits, Final Subdivision Map, parcel map, condominium plan, or other recorded County map) located on that Assessor's Parcel in Tax Zone 2.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. Special Tax A

Each Fiscal Year, beginning with Fiscal Year 2022-23, the CFD Administrator shall determine the Special Tax A Requirement for such Fiscal Year. The Special Tax A shall then be levied as follows:

First: If needed to satisfy the Special Tax A Requirement, Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A;

Second: If additional monies are needed to satisfy the Special Tax A Requirement after the first step has been completed, then Special Tax A shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property up to 100% of the Maximum Special Tax A for Final Mapped Property;

Third: If additional monies are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, then Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A for Undeveloped Property;

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

Fifth: If additional monies are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, then Special Tax A shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to the Maximum Special Tax A for Taxable Property Owner Association Property;

Sixth: If additional monies are needed to satisfy the Special Tax A Requirement after the first five steps have been completed, then Special Tax A shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax A for Taxable Public Property.

Notwithstanding the above, under no circumstances shall Special Tax A levied in any Fiscal Year on any Assessor's Parcel of Single Family Property or Other Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels within CFD No. 56 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

2. Special Tax B

Each Fiscal Year, beginning with Fiscal Year 2022-23, the CFD Administrator shall determine the Special Tax B Requirement. The Special Tax B shall then be levied Proportionately on each Assessor's Parcel of Developed Property in Tax Zone 2 up to 100% of the applicable Maximum Special Tax B for such Assessor's Parcel, until the Special Tax B Requirement is satisfied. However, the Special Tax B levied in any Fiscal Year shall not increase by more than 4.0% of the amount of the Special Tax B levied in the prior Fiscal Year.

E. EXEMPTIONS

In Tax Zone 1, no Special Tax shall be levied on up to 3.18 Acres of Property Owner Association Property. In Tax Zone 2, no Special Tax shall be levied on up to 19.08 Acres of Public Property and up to 1.32 Acres of Property Owner Association Property. In Tax Zone 3, no Special Tax shall be levied on up to 0.52 Acres of Public Property and up to 3.20 Acres of Property Owner Association Property. Tax-exempt status in each Tax Zone will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property.

Property Owner Association Property or Public Property that is not exempt from the Special Tax A under this section shall be subject to the levy of Special Tax A and shall be taxed Proportionately as part of the fifth or sixth step, respectively, in Section D above, up to 100% of the applicable Maximum Special Tax A for Taxable Property Owner Association Property and Taxable Public Property. No Special Tax A shall be levied in any Fiscal Year on Assessor's Parcels that have fully prepaid the Special Tax A obligation pursuant to the formula set forth in Section H.

No Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with this Rate and Method of Apportionment based on the Land Use Class to which the Assessor's Parcel is assigned.

F. APPEALS

Any property owner may file a written appeal of the Special Tax with CFD No. 56 claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Tax that is disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City Council requires the Special Tax to be modified or changed in favor of the property owner, then the CFD Administrator shall determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Tax levy(ies).

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the Special Taxes may be collected in such other manner as the City Council shall determine, including direct billing of affected property owners.

H. PREPAYMENT OF SPECIAL TAX A

The following definitions apply to this Section H:

"CFD Public Facilities" means $20,384,000 for each Prepayment Period, or such lower number as determined by the City Council to be sufficient to fund the Facilities and Services to be provided by CFD No. 56.

"Expenditures Fund" means funds or accounts, regardless of their names, that are established to hold moneys that are available to acquire or construct Facilities and to fund Services.

"Future Facilities Costs" means the CFD Public Facilities minus (i) Facilities and Services costs previously paid from the Expenditures Fund during the Prepayment Period in which the prepayment is being made, (ii) moneys currently on deposit in the Expenditures Fund from deposits made during the Prepayment Period in which the prepayment is being made, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance Facilities costs. In no event shall the amount of Future Facilities Costs be less than zero.

"Prepayment Period" means one of three periods of time during which a Special Tax prepayment may be made.

"Prepayment Period 1" means July 1, 2022, through June 30, 2056.

"Prepayment Period 2" means July 1, 2056, through June 30, 2089.

"Prepayment Period 3" means July 1, 2089, through June 30, 2123.

Only Special Tax A may be prepaid; Special Tax B shall continue to be levied on an annual basis on all Developed Property in Tax Zone 2 of CFD No. 56.

1. Prepayment in Full

The obligation of an Assessor's Parcel to pay the Special Tax A may be prepaid as described herein, provided that a prepayment may be made only for Assessor's Parcels for which a building permit for new construction was issued after January 1, 2021, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax A obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a fee for providing this service. Prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

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

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Total	Prepayment Amount

As of the proposed date of prepayment, the Special Tax A Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Paragraph No.

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel, and determine the Prepayment Period for the proposed prepayment.

2. Compute the Assigned Special Tax A and Backup Special Tax A for the Assessor's Parcel to be prepaid based on the Developed Property Special Tax A which is, or could be, charged in

the current Fiscal Year. For Assessor's Parcels of Final Mapped Property (for which a building permit has been issued but which is not yet classified as Developed Property) to be prepaid, compute the Assigned Special Tax A and Backup Special Tax A for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.

3. (a) Divide the Assigned Special Tax A computed pursuant to Paragraph 2 by the total estimated Assigned Special Tax A for CFD No. 56 based on the Developed Property Special Tax A which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 56, excluding any Assessor's Parcels which have been prepaid, and

   (b) Divide the Backup Special Tax A computed pursuant to Paragraph 2 by the estimated total Backup Special Tax A at buildout of CFD No. 56, excluding any Assessor's Parcels which have been prepaid.

4. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to Paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Compute the Future Facilities Costs for the applicable Prepayment Period.

7. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the amount determined pursuant to Paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Determine the Special Tax A levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.

10. Add the amounts computed pursuant to Paragraphs 8 and 9 to determine the "Defeasance Amount".

11. Verify the administrative fees and expenses of CFD No. 56, including the costs to compute the prepayment, the costs to invest the prepayment proceeds, the costs to redeem Bonds, and the costs to record any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the prepayment date or the redemption date.

13. The Special Tax A prepayment is equal to the sum of the amounts computed pursuant to Paragraphs 4, 5, 7, 10, and 11, less the amount computed pursuant to Paragraph 12 (the "Prepayment Amount").

14. From the Prepayment Amount, the amounts computed pursuant to Paragraphs 4, 5, 10, and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to

Paragraph 7 shall be deposited into the Expenditures Fund. The amount computed pursuant to Paragraph 11 shall be retained by CFD No. 56.

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

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined under Paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax A levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid during Prepayment Period 3, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that Special Tax A has been prepaid and that the obligation of such Assessor's Parcel to pay Special Tax A shall cease.

With respect to Special Tax A for any Assessor's Parcel that is prepaid during Prepayment Period 1 or Prepayment Period 2, the obligation of such Assessor's Parcel to pay Special Tax A shall be tolled, or suspended, through the end of such Prepayment Period, but shall resume in the first Fiscal Year of the subsequent Prepayment Period. The CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that Special Tax A has been satisfied for the remainder of the applicable Prepayment Period but has not been permanently satisfied and the obligation to pay Special Tax A will resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the prepayment was made. Once the obligation of an Assessor's Parcel to pay Special Tax A resumes, Special Tax A for the then applicable Prepayment Period may be prepaid.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on Taxable Property within CFD No. 56 (after excluding 37.13 Acres of Public Property and 11.66 acres of Property Owner Association Property) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax A on an Assessor's Parcel for which a building permit for new construction was issued after January 1, 2021, may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1, except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = (PF - AE) \times \% + AE.$$

The terms above have the following meaning:

PP = the partial prepayment
PF = the Prepayment Amount (full prepayment) for Special Tax A calculated according to Section H.1
AE = the Administrative Fees and Expenses determined pursuant to paragraph 11 above
% = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying Special Tax A

The Special Tax A partial prepayment amount must be sufficient to redeem at least a $5,000 increment of Bonds.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay Special Tax A and the percentage by which Special Tax A shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount

required for the partial prepayment of Special Tax A for an Assessor's Parcel within thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the remitted prepayment funds according to Section H.1, and (ii) indicate in the records of CFD No. 56 that there has been a partial prepayment of Special Tax A and that a portion of Special Tax A with respect to such Assessor's Parcel, equal to the outstanding percentage (100% - "%", as defined above) of the Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section D during the Prepayment Period in which the partial prepayment is made.

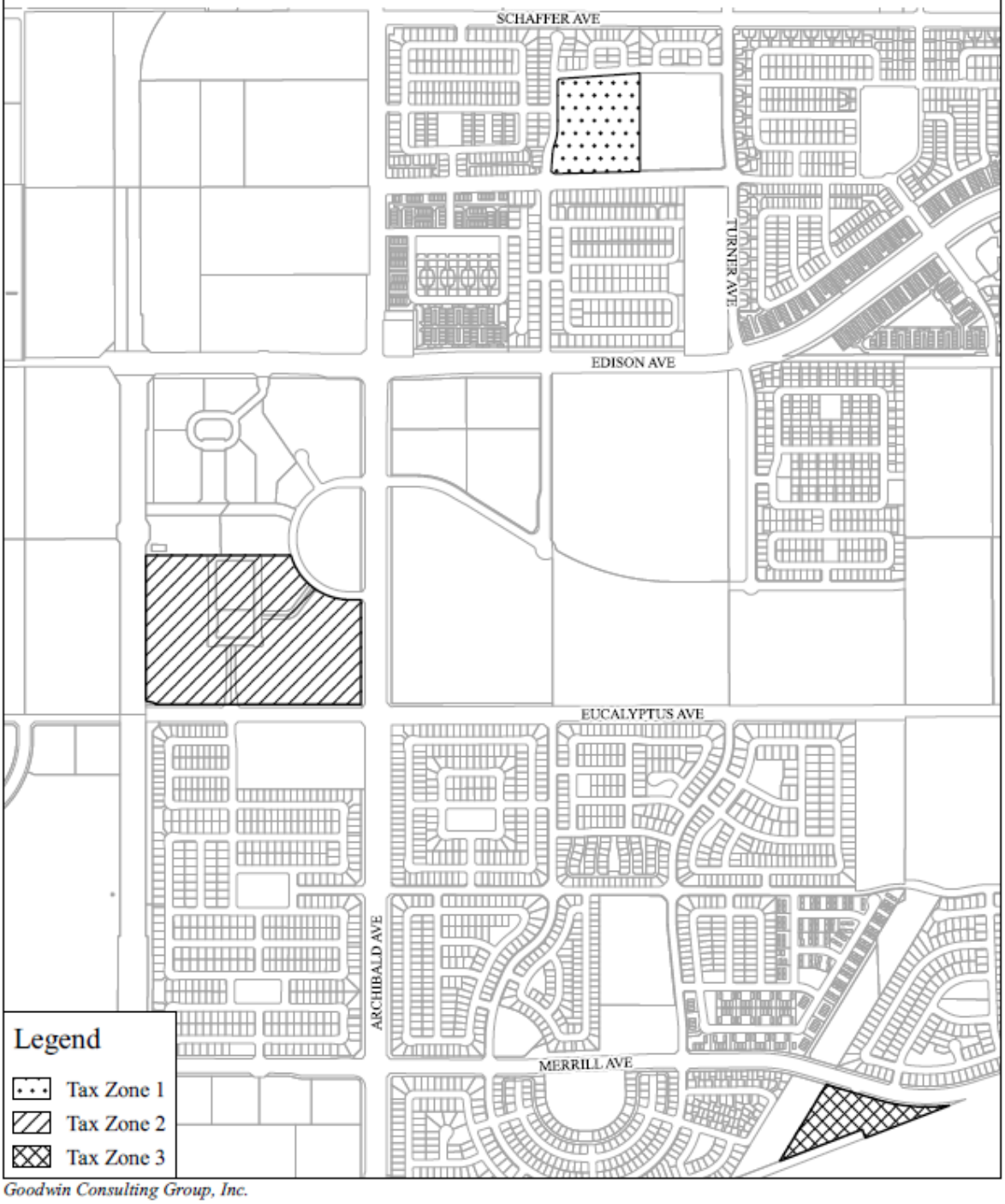
For partial prepayments made during Prepayment Period 1 or Prepayment Period 2, the full amount of Special Tax A shall resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the partial prepayment was made. Once the obligation of an Assessor's Parcel to pay Special Tax A resumes, Special Tax A for the then applicable Prepayment Period may be prepaid.

I. TERM OF SPECIAL TAX

The Fiscal Year after which no further Special Tax A shall be levied or collected is Fiscal Year 2122-2123, except that Special Tax A that was lawfully levied in or before such Fiscal Year and that remains delinquent may be collected in subsequent years. Special Tax B shall continue to be levied indefinitely on an annual basis on all Developed Property in Tax Zone 2 of CFD No. 56.

Attachment 1
City of Ontario
CFD No. 56 (Parkside/La Avenida)

Identification of Tax Zones



Goodwin Consulting Group, Inc.

EXHIBIT A

CERTIFICATE OF MODIFICATION OF SPECIAL TAX A
(PAGE 1 OF 4)

CITY OF ONTARIO AND CFD NO. 56 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment of Special Tax (the "Rate and Method") for City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) ("CFD No. 56"), the Assigned Special Tax A and the Backup Special Tax A for Developed Property within CFD No. 56 has been modified.

   a. The information in Tables 1, 2, and 3 relating to Assigned Special Tax A for Developed Property within CFD No. 56, as stated in Section C.1.a.2 of the Rate and Method of Apportionment, has been modified as follows:

TABLE 1
TAX ZONE 1
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
1	Single Family Property	< 1,801	$[ ] per Unit
2	Single Family Property	1,801 – 1,900	$[ ] per Unit
3	Single Family Property	1,901 – 2,000	$[ ] per Unit
4	Single Family Property	2,001 – 2,100	$[ ] per Unit
5	Single Family Property	2,101 – 2,200	$[ ] per Unit
6	Single Family Property	2,201 – 2,300	$[ ] per Unit
7	Single Family Property	2,301 – 2,400	$[ ] per Unit
8	Single Family Property	2,401 – 2,500	$[ ] per Unit
9	Single Family Property	> 2,500	$[ ] per Unit
10	Other Residential Property		$[ ] per Acre
11	Non-Residential Property		$[ ] per Acre

EXHIBIT A

CERTIFICATE OF MODIFICATION OF SPECIAL TAX A
(PAGE 2 OF 4)

TABLE 2
TAX ZONE 2
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
12	Single Family Property	< 901	$[ ] per Unit
13	Single Family Property	901 – 1,000	$[ ] per Unit
14	Single Family Property	1,001 – 1,100	$[ ] per Unit
15	Single Family Property	1,101 – 1,200	$[ ] per Unit
16	Single Family Property	1,201 – 1,300	$[ ] per Unit
17	Single Family Property	1,301 – 1,400	$[ ] per Unit
18	Single Family Property	1,401 – 1,500	$[ ] per Unit
19	Single Family Property	1,501 – 1,600	$[ ] per Unit
20	Single Family Property	1,601 – 1,700	$[ ] per Unit
21	Single Family Property	1,701 – 1,800	$[ ] per Unit
22	Single Family Property	1,801 – 1,900	$[ ] per Unit
23	Single Family Property	1,901 – 2,000	$[ ] per Unit
24	Single Family Property	> 2,000	$[ ] per Unit
25	Other Residential Property		$[ ] per Acre
26	Non-Residential Property		$[ ] per Acre

EXHIBIT A

CERTIFICATE OF MODIFICATION OF SPECIAL TAX A
(PAGE 3 OF 4)

TABLE 3
TAX ZONE 3
ASSIGNED SPECIAL TAX A – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax A
27	Single Family Detached Property	< 1,101	$[ ] per Unit
28	Single Family Detached Property	1,101 – 1,300	$[ ] per Unit
29	Single Family Detached Property	1,301 – 1,500	$[ ] per Unit
30	Single Family Detached Property	1,501 – 1,700	$[ ] per Unit
31	Single Family Detached Property	1,701 – 1,900	$[ ] per Unit
32	Single Family Detached Property	1,901 – 2,100	$[ ] per Unit
33	Single Family Detached Property	> 2,100	$[ ] per Unit
34	Single Family Attached Property	< 1,301	$[ ] per Unit
35	Single Family Attached Property	1,301 – 1,500	$[ ] per Unit
36	Single Family Attached Property	1,501 – 1,700	$[ ] per Unit
37	Single Family Attached Property	1,701 – 1,900	$[ ] per Unit
38	Single Family Attached Property	> 1,900	$[ ] per Unit
39	Other Residential Property		$[ ] per Acre
40	Non-Residential Property		$[ ] per Acre

b. The Backup Special Tax for Developed Property, as stated in Section C.1.a.3, shall be modified as follows:

> The Backup Special Tax A shall be $[___] per Unit for Single Family Property in Tax Zone 1, $[___] in Tax Zone 2, and $[___] in Tax Zone 3. However, if the Expected Residential Lot Count does not equal 106 for Single Family Property in Tax Zone 1, 303 in Tax Zone 2, and 73 in Tax Zone 3, and the City has not issued Bonds, then the Backup Special Tax A for Designated Buildable Lots of Single Family Property in each Tax Zone shall be calculated according to the following formulas:

EXHIBIT A

CERTIFICATE OF MODIFICATION OF SPECIAL TAX A
(PAGE 4 OF 4)

Tax Zone 1	=	$[_____] ÷ Expected Residential Lot Count in Tax Zone 1 for Single Family Property
Tax Zone 2	=	$[_____] ÷ Expected Residential Lot Count in Tax Zone 2 for Single Family Property
Tax Zone 3	=	$[_____] ÷ Expected Residential Lot Count in Tax Zone 3 for Single Family Property

2. The Special Tax A for Developed Property may only be modified prior to the first issuance of CFD No. 56 Bonds.

3. Upon execution of this certificate by CFD No. 56, CFD No. 56 shall cause an amended notice of Special Tax lien for CFD No. 56 to be recorded reflecting the modifications set forth herein.

Capitalized undefined terms used herein have the meanings ascribed thereto in the Rate and Method. The modifications set forth in this Certificate have been calculated by the CFD Administrator in accordance with the Rate and Method.

GOODWIN CONSULTING GROUP, INC.
CFD ADMINISTRATOR

By:_____ Date:_____

The undersigned acknowledges receipt of this Certificate and of the modification of the Assigned Special Tax A and Backup Special Tax A for Developed Property as set forth in this Certificate.

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)

By:_____ Date:_____

APPENDIX B

APPRAISAL REPORT

APPENDIX C

PRICE POINT STUDIES

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

APPENDIX E

GENERAL INFORMATION CONCERNING THE CITY OF ONTARIO

This appendix sets forth general information about the City of Ontario (the "City") including information with respect to its finances. The following information concerning the City, the County of San Bernardino (the "County") and the State are included only for general background purposes regarding the area encompassing the District. The Series 2023 Bonds are special, limited obligations of the District, payable, as provided in the Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City or the State of California (the "State"), or any political subdivision thereof, is pledged to the payment of the Series 2023 Bonds.

The City is located in western San Bernardino County, 35 miles inland from downtown Los Angeles and encompasses 50 square miles. Located in the western part of the Inland Empire region, it lies just east of the Los Angeles county line and is part of the Greater Los Angeles Area. The City is home to the LA/Ontario International Airport which is the 11th busiest cargo airport in the United States. Ontario handles the mass of freight traffic between the ports of Los Angeles and Long Beach and the rest of the country.

Government

The City was incorporated as a general law city in 1891, and is governed by a Mayor and four council members elected at large to serve four-year terms. The City operates under the Council - Manager form of government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City.

The population growth in the City, County and State is shown on the following chart.

POPULATION ESTIMATES
City of Ontario, County of San Bernardino and State of California
2014-2023

Year[(1)]	*City of Ontario*	*County of San Bernardino*	*State of California*
2014	167,885	2,094,951	38,556,731
2015	169,153	2,112,187	38,865,532
2016	169,491	2,122,579	39,103,587
2017	172,858	2,139,520	39,352,398
2018	175,083	2,150,017	39,519,535
2019	178,606	2,165,876	39,605,361
2020	180,788	2,175,424	39,648,938
2021	176,206	2,179,007	39,286,510
2022	178,682	2,180,777	39,078,674
2023	180,717	2,182,056	38,940,231

(1) January 1 data.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and State, 2014-2020, with 2010 Benchmark; E-4 Population Estimates for Cities, Counties and State, 2021-2023, with 2020 Benchmark

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2022 for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
City of Ontario, San Bernardino County, State of California and United States
2017 through 2022[1]

Year and Area	*Labor Force*	*Employment[2]*	*Unemployment[3]*	*Unemployment Rate (%)*
2017				
City of Ontario	84,400	80,700	3,700	4.4%
San Bernardino County	942,000	895,300	46,800	5.0
State of California	19,185,400	18,258,100	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Ontario	87,600	84,000	3,200	3.6%
San Bernardino County	955,100	915,800	39,200	4.1
State of California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Ontario	90,300	87,200	3,100	3.4%
San Bernardino County	967,100	929,800	37,400	3.9
State of California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Ontario	89,800	81,600	8,200	9.1%
San Bernardino County	974,700	880,900	93,800	9.6
State of California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Ontario	91,300	85,100	6,200	6.8%
San Bernardino County	992,200	918,600	73,600	7.4
State of California	18,9734200	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Ontario	93,000	89,600	3,400	3.7%
San Bernardino County	1,008,500	967,200	41,300	4.1
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2022 Benchmark.

Listed below are the major employers in the City for Fiscal Year 2020-21 and in the County for Fiscal Year 2020-21.

PRINCIPAL EMPLOYERS
City of Ontario
Fiscal Year 2020-21

Employer	*Number of Employees*
United Parcel Services (UPS)	5,000 to 9,999
Workforce Personnel, Inc.	5,000 to 9,999
Ontario Montclair School District	1,000 to 4,999
Chaffey Joint Union High School District	1,000 to 4,999
QVC Ontario LLC	500 to 999
Home Depot	500 to 999
AutoZone	500 to 999
FedEx	500 to 999
Cardenas Market LLC	500 to 999
Uline Inc	250 to 499
Walmart Associates, Inc.	250 to 499
Gold Star Foods Inc.	250 to 499
Cardinal Health	250 to 499
Toyota Motor Sales USA, Inc.	250 to 299
Ventura Foods, LLC	250 to 499
Mag Instrument Inc.	250 to 499
Staples Contract Commercial	250 to 499
Citizens Business Bank	250 to 499
Starbucks	250 to 499
Carmax Auto	250 to 499

Source: City of Ontario Annual Comprehensive Financial Report for the year ending June 30, 2022. (*Information for 2022 was not yet available.)

PRINCIPAL EMPLOYERS
San Bernardino County
Fiscal Year 2021-22

Rank	*Name of Business*	*Approximate No. of San Bernardino County Employees*[(1)]	*Type of Business*
1	County of San Bernardino	5,000-9,999	Public Administration
2	Amazon	5,000-9,999	Electronic Commerce
3	Loma Linda University Medical Center	5,000-9,999	Medical Center
4	Stater Brothers	1,000-5,000	Grocery Store
5	Burlington Distribution Corp.	1,000-5,000	Retail
6	Environmental Systems Research	1,000-5,000	Software
7	FedEx Ground	1,000-5,000	Package Delivery
8	Inland Empire Health Plan	1,000-5,000	Insurance
9	San Antonio Community Hospital	1,000-5,000	Medical Center
10	San Manuel Resort & Casino	1,000-5,000	Casino

(1) Due to confidentiality of reporting number of employees, ranges have been provided.
Source: San Bernardino County Annual Comprehensive Financial Report for the year ending June 30, 2022.

Industries

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Labor Market Area. This labor market area, as defined for reporting purposes by the California Employment Development Department, has boundaries coterminous with those of Riverside and San Bernardino Counties. The following table sets forth certain employment data for the Riverside - San Bernardino-Ontario Metropolitan Statistical Area and the County for the period from 2018 through 2022.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2018	*2019*	*2020*	*2021*	*2022*
Civilian Labor Force	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Civilian Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Civilian Unemployment	87,700	84,000	206,900	156,600	89,400
Civilian Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
Total Farm	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200
Total Nonfarm	14,500	15,400	14,100	13,700	13,900
Total Private	1,506,600	1,552,700	1,495,800	1,575,100	1,660,300
Goods Producing	1,249,400	1,291,500	1,247,800	1,333,100	1,410,900
Mining & Logging	206,800	209,700	202,200	207,700	216,400
Construction	1,200	1,200	1,300	1,400	1,600
Manufacturing	105,200	107,200	104,900	110,100	115,200
Service Providing	100,400	101,300	96,000	96,100	99,600
Trade, Transportation & Utilities	1,299,800	1,343,100	1,293,700	1,367,400	1,443,900
Wholesale Trade	379,400	395,100	406,900	443,200	464,500
Retail Trade	66,100	67,700	65,600	67,400	69,700
Transportation, Warehousing & Utilities	181,200	180,700	168,800	177,000	180,600
Information	132,100	146,600	172,500	198,800	214,200
Financial Activities	11,400	11,500	9,600	9,700	10,200
Professional & Business Services	44,600	45,000	44,100	45,200	46,800
Educational & Health Services	151,400	157,900	154,800	169,400	179,100
Leisure & Hospitality	239,500	250,300	248,800	254,300	266,400
Other Services	170,600	175,900	141,300	160,200	179,600
Government	45,800	46,200	40,200	43,600	47,900
Total, All Industries	257,200	261,200	248,000	242,000	249,400

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix E.

Source: State of California, Employment Development Department, March 2022 Benchmark.

Personal Income

The following tables show the personal income and per capita personal income for the City, County, State of California and United States from 2015 through 2022.

PERSONAL INCOME[(1)]
City of Ontario, County of San Bernardino, State of California, and United States
2015-2022

Year	*City of Ontario*	*County of San Bernardino*	*California*	*United States*
2015	3,224,189	74,773,589	2,125,430,300	15,681,233,000
2016	3,159,733	77,868,801	2,218,457,800	16,092,713,000
2017	3,444,006	80,514,585	2,318,280,900	16,837,337,000
2018	3,474,794	83,915,091	2,431,773,900	17,687,054,000
2019	3,826,610	89,559,909	2,567,425,600	18,575,467,000
2020	4,114,067	99,313,293	2,790,523,500	19,812,171,000
2021	4,566,417	108,623,799	3,006,183,900	21,288,709,000
2022	4,392,483	n/a	3,018,471,100	21,804,787,500

Note: Dollars in Thousands.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Ontario Annual Comprehensive Financial Report for the year ending June 30, 2022.

PER CAPITA PERSONAL INCOME[(1)(2)]
City of Ontario, County of San Bernardino, State of California, and United States
2015-2022

Year	*City of Ontario*	*County of San Bernardino*	*California*	*United States*
2015	19,068	35,423	54,546	48,875
2016	18,601	36,618	56,560	49,613
2017	19,761	37,537	58,804	51,550
2018	19,761	38,849	61,508	53,786
2019	21,129	41,253	64,919	56,250
2020	22,237	45,499	70,643	59,763
2021	24,682	49,493	76,800	64,117
2022	24,682	n/a	77,339	65,423

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: City of Ontario Comprehensive Annual Financial Report for the year ending June 30, 2022, Bureau of Economic Analysis for County, State and U.S.

Assessed Valuation

The table below sets forth the City's assessed valuation of property for Fiscal Years 2013-14 through 2021-22.

ASSESSED VALUATION OF TAXABLE PROPERTY
City of Ontario
Fiscal Years 2013-14 to 2021-22
(Dollars in Thousands)

Fiscal Year Ended June 30	*Secured Value*	*Unsecured Value*	*Less Exemptions*	*Total Assessed and Estimated Full Value*
2014	$2,465,751	$1,758,596	$(110,182)	$14,114,165
2015	12,413,859	2,552,384	(108,252)	14,857,991
2016	13,124,582	2,611,079	(105,864)	15,629,797
2017	13,781,901	2,543,614	(109,080)	16,216,435
2018	14,844,332	2,624,317	(108,915)	17,359,734
2019	16,575,762	2,814,842	(108,701)	19,281,903
2020	18,181,749	2,910,729	(110,654)	20,981,823
2021	19,529,581	3,147,303	(111,223)	22,565,661
2022	21,666,906	3,257,643	(112,096)	24,812,452

Source: City of Ontario Annual Comprehensive Financial Report for the year ending June 30, 2022.

Tax Levy and Tax Collection

Below is a chart which indicates the tax levy and collection records for the City from the 2012-13 through 2021-22 Fiscal Years.

PROPERTY TAX LEVIES AND COLLECTIONS
City of Ontario
Fiscal Years 2012-13 to 2021-22

Fiscal Year	*Percent of Levy Collected*	*Total Tax Collections to Tax Levy to Date*[(1)]
2013	100.86	$24,282,466
2014	101.90	25,330,619
2015	101.87	26,352,321
2016	101.39	27,777,778
2017	100.94	28,866,121
2018	101.46	30,921,494
2019	100.69	34,087,147
2020	99.67	36,753,080
2021	100.08	39,756,925
2022	101.01	44,111,852

(1) Beginning with the City's Comprehensive Annual Financial Report for the year ending June 30, 2019, the City did not include in its reported property tax collections pass-through payments related to the former Ontario Redevelopment Agency or Redevelopment Property Tax Trust Fund residual payments. The historical property tax collection amounts have been adjusted to reflect this change.

Source: City of Ontario Annual Comprehensive Financial Report for the year ending June 30, 2022.

Largest Taxpayers

The principal property taxpayers in the City for Fiscal Year 2021-22 are as follows:

PRINCIPAL PROPERTY TAXPAYERS
City of Ontario
Fiscal Year 2021-22

Taxpayer	*Assessed Valuation*	*% of Total Assessed Valuation*
United Parcel Service Co	$ 709,439,327	2.19%
Prologis	690,196,633	2.13
Ontario Mills LP	421,371,045	1.41
Watson Land Company	365,371,221	0.86
Costco Wholesale Corporation	326,162,037	0.54
Vineyard Industrial I LLC	296,324,795	0.99
Palmer Ontario Properties LP	240,101,984	0.52
Bre Jupiter WCA LLC	215,206,680	0.51
Colony Commerce Ontario West LP	203,437,590	0.51
Ontario Land Ventures	200,968,925	0.48
TOTAL:	$ 3,668,580,237	10.14%

Source: City of Ontario Annual Comprehensive Financial Report for the year ending June 30, 2022.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2018 through 2022 are shown in the following tables for both the County and the City.

BUILDING PERMIT VALUATIONS
San Bernardino County
2018-2022

	2018	*2019*	*2020*	*2021*	*2022*
Valuation ($000's)					
Residential	$ 1,455,281	$ 1,450,638	$ 1,139,459	$ 1,475,978	$ 1,463,811
Non-Residential	1,080,130	1,377,100	1,064,696	1,165,646	2,083,951
Total	$ 2,535,411	$ 2,827,738	$ 2,204,155	$ 2,641,624	$ 3,547,772
Units					
Single Family	3,311	4,182	3,631	4,376	3,701
Multiple Family	1,775	1,884	910	2,636	2,852
Total	5,086	6,066	4,541	7,012	6,553

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Ontario
2018-2022

	2018	*2019*	*2020*	*2021*	*2022*
Valuation ($000's)					
Residential	$ 517,399	$ 322,837	$ 114,159	$ 163,586	$ 126,844
Non-Residential	185,202	268,019	125,537	294,623	246,686
Total	$ 702,600	$ 590,856	$ 239,696	$ 458,209	$ 373,530
Units					
Single Family	1,056	1,091	472	531	382
Multiple Family	273	322	74	659	325
Total	1,329	1,413	546	1,190	707

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Taxable Sales

The table below presents taxable sales for the years 2015 through 2022 for the City.

TAXABLE SALES
City of Ontario
2015 through 2022
(Dollars in Thousands)

Year	*Retail and Food Permits*	*Retail and Food Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2015	4,867	4,279,949[(1)]	7,580	7,174,748[(1)]
2016	4,875	4,634,312	7,658	8,124,276
2017	4,974	4,775,352	7,888	7,670,947
2018	5,194	4,850,172	8,435	7,939,125
2019	5,306	4,953,629	8,830	8,186,154
2020	5,692	4,416,993	9,543	7,584,137
2021	5,386	5,798,203	9,138	9,565,256
2022	5,646	6,819,091	9,632	10,826,861

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

The table below presents taxable sales for the years 2015 through 2022 for the County.

TAXABLE SALES
San Bernardino County
2015 through 2022
(Dollars in Thousands)

Year	*Retail and Food Permits*	*Retail and Food Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2015	37,696	23,384,548[(1)]	56,128	35,580,276[(1)]
2016	38,370	24,477,003	57,629	37,216,551
2017	39,067	25,603,171	58,956	38,399,373
2018	39,837	26,905,784	61,838	40,554,024
2019	40,964	27,585,905	64,771	41,768,748
2020	44,330	28,745,277	71,145	43,265,512
2021	40,801	38,345,912	66,585	55,378,097
2022	41,690	40,003,128	68,480	59,745,218

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

Transportation

Because Ontario is a major hub for passengers and freight, the City is also served by several major freeways. Interstate 10 and the Pomona Freeway (State Route 60) run east-west through the City. Interstate 10 is north of the Ontario airport while the Pomona freeway is south of the airport. Interstate 15 runs in the north-south directions at the eastern side of the City. State Route 83, also known as Euclid Avenue, also runs in the north-south direction at the western side of the City.

The City maintains an Amtrak station which is served by the Sunset Limited and Texas Eagle lines. Ontario also has a Metrolink station off of Haven Avenue. It connects Ontario with much of the Greater Los Angeles area, Orange County and the San Fernando Valley. Public bus transportation is provided by Omnitrans. Rail service is provided by Burlington Northern Santa Fe and Union Pacific.

The Ontario International Airport is a medium-hub, full-service airport, which offers more than 70 daily flights to cities in the U.S., Mexico and Taiwan and is served by AeroMexico, Alaska Airlines, American Airlines, China Airlines, Delta Air Lines, Frontier, JetBlue, Southwest Airlines, United Airlines/United Express and Volaris. The airport's service area includes a population of approximately six million in San Bernardino and Riverside counties, and portions of Orange and Los Angeles counties. The Ontario International Airport was previously operated by the Department of Airports of the City of Los Angeles (the "Department"). Following protracted litigation among the Department, the City of Ontario and the Ontario International Airport Authority, a joint powers authority was formed by the City of Ontario and the County of San Bernardino (the "Airport Authority"). The Airport Authority assumed ownership and control of the management and operation of the Ontario International Airport on November 1, 2016.

With approximately 570,000 square feet and 26 passenger gates within two terminals, Ontario International Airport is the Western States Regional Terminal for United Parcel Service. In 2022 approximately 5.7 million passengers used the airport and cargo shipments increased 9% from the pre-pandemic 2019. Over the first six months of 2022, total passenger volume was nearly 3 million, 12.4% greater than the first half of 2022. The passenger count included 2.8 million domestic travelers and 176,000 international passengers, increases of 9.5% and 94.4%, respectively. Ontario also ranks among the fastest recovering airports in the U.S. after the severe disruption in global air travel during the early months of the pandemic.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX G

FORM OF DISTRICT
CONTINUING DISCLOSURE AGREEMENT

APPENDIX H

FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT

APPENDIX I

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2023 Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2023 Bonds representing their ownership interests in Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other

DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Series 2023 Bond documents. For example, Beneficial Owners of Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Series 2023 Bond Owner shall give notice to elect to have its Series 2023 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2023 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2023 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2023 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2023 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2023 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2023 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2023 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPRAISAL REPORT

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT No. 56
(Parkside/La Avenida)

City of Ontario, San Bernardino County, California
(Appraisers' File No. 2023-1272)



Prepared For
City of Ontario
303 East B Street
Ontario, California 92764

Prepared By
Kitty Siino & Associates, Inc.
115 East Second Street, Suite 100
Tustin, California 92780

October 4, 2023

Cecilia House, Revenue Manager
City of Ontario
303 East B Street
Ontario, CA 92764

Reference: Appraisal Report
City of Ontario CFD No. 56 (Parkside/La Avenida)
Cambridge Court by Woodside Homes; NUVO Parkside by New Home Company; Fairhaven at Park Place by Lennar; and Lot 1 of Tract No. 20316
Ontario Ranch, City of Ontario, County of San Bernardino

Dear Ms. House:

At the request and authorization of the City of Ontario, we have completed an Appraisal Report for the City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) ("Ontario CFD No. 56") which consists of three residential communities and one vacant parcel in the area known as Ontario Ranch in the City of Ontario. The subject lands are non-contiguous and are separated into three different zones, per the CFD Hearing Report and Boundary Map. Zone 1 is located at the northeast corner of La Avenida Drive and Manitoba Place and consists of the neighborhood known as Cambridge Court by Woodside 05S LP ("Woodside"). Zone 2 is located at the northwest corner of Eucalyptus Avenue and Archibald Avenue and consists of the neighborhood known as NUVO Parkside ("NUVO") being marketed by the New Home Company ("NHC"), as well as a vacant parcel of land known as Lot 1 of Tract No. 20316 owned by SC Ontario Development Company LLC, a related entity to Lewis Companies ("Lewis"). Zone 3 is located at the southwest corner of Merrill Avenue and Remington Avenue and consists of Fairhaven at Park Place ("Fairhaven") being marketed by Lennar Homes of California, LLC ("Lennar"). The subject lands also fall into three different Specific Plans: Zone 1 (Cambridge Court) falls within The Avenue Specific Plan; Zone 2 (NUVO Parkside and Lot 1 of Tract No. 20316) falls within the Parkside Specific Plan; and Zone 3 (Fairhaven at Park Place) falls within the Subarea 29 Specific Plan.

The subject lands that are actively under development by homebuilders are proposed for 482 single-family homes spread across three neighborhoods: Cambridge Court (Zone 1) includes 106 proposed homes arranged in a conventional single family detached style with some motor courts; NUVO Parkside (portion of Zone 2) includes 303 proposed single family homes spread across four different product lines, all of which are detached but range in style from motor court clusters to ally load; and lastly Fairhaven at Park Place (Zone 3) includes 73 proposed single family detached homes arranged in motor courts. The homes within the three communities range from completed homes closed to individuals to homes under construction to finished lots. The three communities within the subject are currently selling with model homes open. The final portion of the subject lands is Lot 1 of Tract 20316 (remainder of Zone 2), which has entitlements for 236 units per the Parkside Specific Plan and is in a superpad condition.

The valuation methods used in this report include the Sales Comparison Approach along with a Mass Appraisal Technique as defined within this report. The fee simple estate of the subject property has been valued subject to the Ontario CFD No. 56 special tax lien. This report is written with the hypothetical condition that the improvements and benefits to the subject property to be funded by the 2023 special tax bonds of Ontario CFD No. 56 are completed and in place.

As a result of our investigation, the concluded minimum market value for the subject property is shown below.

Zone 1	
Woodside Ownership (15 houses and 29 lots)	$ 15,968,576
Individual Owners - (62 houses)	42,310,045
Subtotal Zone 1	$ 58,278,621
Zone 2	
NHC Ownership (30 houses and 61 lots)	$ 27,590,606
Arroyo Cap II-1 Ownership (51 lots)	12,254,366
Individual Owners (161 houses)	85,937,430
Lewis Ownership (Lot 1 of Tract 20316)	24,156,660
Subtotal Zone 2	$149,939,062
Zone 3	
Lennar Ownership (23 houses and 49 lots)	$ 17,781,838
Individuals (1 home)	550,525
Subtotal Zone 3	$ 18,332,363
Aggregate Total for CFD No. 56	**$226,550,046**

The values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 7, 2023.

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2020) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which our opinion of value is, in part, predicated.

Respectfully submitted,

KITTY SIINO & ASSOCIATES, INC.

K. Siino

Kitty S. Siino, MAI
California State Certified General
Real Estate Appraiser (AG004793)

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ADDENDA

Ontario CFD No. 56 Boundary Maps
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Improved Residential Sales Map and Summary Chart
Appraiser's Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

1. This report might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. It is assumed that the subject properties are subject to the special tax lien of Ontario CFD No. 56.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.

7. It is assumed that there are no hidden or unapparent conditions of either property, subsoil or structures that would render them more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch or photograph included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps, photographs, and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless

otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements (if any) are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.

16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992 and have been updated several times since then. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.

17. It is assumed there are no environmental concerns that would slow or thwart development of the subject properties and that the soils are adequate to support the highest and best use conclusions.

18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document for the Ontario CFD No. 56 special tax bonds

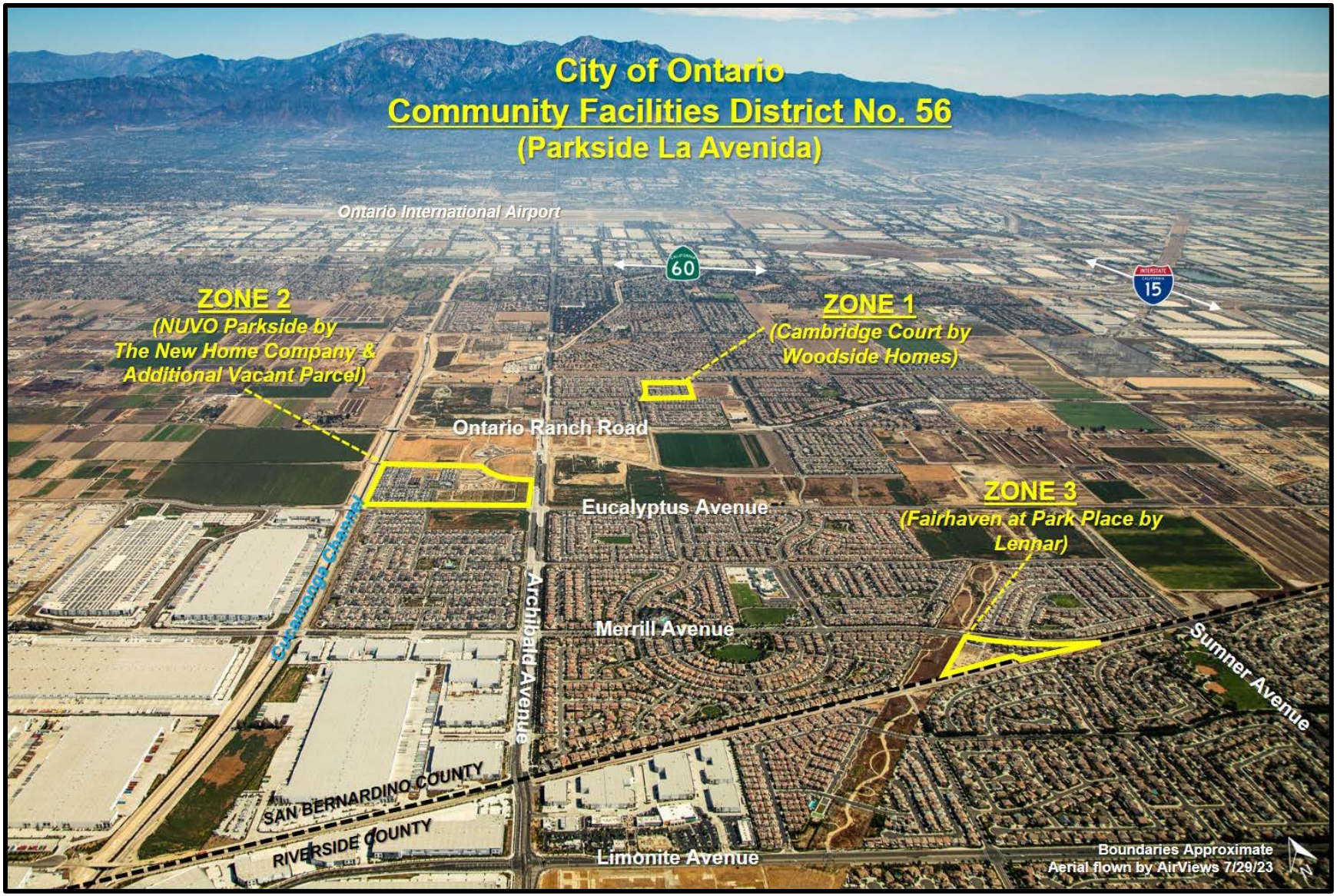
19. It is assumed that there are no conditions of approval or hindrances which could slow or thwart the obtaining of occupancy permits on the 482 subject residential units. This is the case per the builders; however, we were unable to verify via the various conditions of approval.

HYPOTHETICAL CONDITION

1. It is assumed that all improvements and benefits to the subject properties, which are to be funded by the City of Ontario CFD No. 56 Special Tax Bond Proceeds are completed and in place.

EXTRAORDINARY ASSUMPTION

1. It is assumed that the sales information and remaining development costs/fees as reported by the builders and summarized in the report are correct. We have not reviewed escrow documents on each home sale however, per our review the sales as reported by the builder appear to be reasonable. While we have reviewed the costs and they appear reasonable, we are not experts in the field of construction cost estimation and are relying on the costs received in the valuation analysis. If the actual land development costs differ, the final values may change.


City of Ontario
Community Facilities District No. 56
(Parkside La Avenida)
Ontario International Airport
60
15
ZONE 2
(NUVO Parkside by
The New Home Company &
Additional Vacant Parcel)
ZONE 1
(Cambridge Court by
Woodside Homes)
Ontario Ranch Road
Eucalyptus Avenue
ZONE 3
(Fairhaven at Park Place by
Lennar)
Cucamonga Channel
Archibald Avenue
Merrill Avenue
Sumner Avenue
SAN BERNARDINO COUNTY
RIVERSIDE COUNTY
Limonite Avenue
Boundaries Approximate
Aerial flown by AirViews 7/29/23


City of Ontario
Community Facilities District No. 56 – Zone 1
(Cambridge Court by Woodside Homes)
CFD No. 56 Zone 2
(NUVO Parkside)
Ontario Ranch Road
Archibald Avenue
La Avenida Drive
Turner Avenue
Schaefer Avenue
N
Boundaries Approximate
Aerial flown by AirViews 7/29/23


City of Ontario
Community Facilities District No. 56 – Zone 2
(NUVO Parkside by The New Home Company & Additional Vacant Parcel)
Ontario Ranch Road
Archibald Avenue
Additional Vacant Parcel
NUVO Parkside
Cucamonga Channel
Eucalyptus Avenue
Boundaries Approximate
Aerial flown by AirViews 7/29/23


City of Ontario
Community Facilities District No. 56 – Zone 3
(Fairhaven at Park Place by Lennar)
EASTVALE
Summer Avenue
Limonite Avenue
Harrison Avenue
Orchard Park
RIVERSIDE COUNTY
SAN BERNARDINO COUNTY
SOCAL EDISON EASEMENT
Merrill Avenue
Previous Phases of Lennar at Parklane
Celebration Park South
Celebration Park North
Park View Elementary School
Parkview Street
Boundaries Approximate
Aerial flown by AirViews 7/29/23

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the proposed lien along with the benefits from the Ontario CFD No. 56 Special Tax Bonds.

THE SUBJECT PROPERTY

The subject property consists of a vacant parcel along with 482 proposed single family detached homes being developed as a portion of the Avenue, Parkside, and Subarea 29 Specific Plans, in the area known as Ontario Ranch in the City of Ontario ("City"). The subject is encompassed by Tract Map Nos. 20298, 20316 and 20389, and while the three tracts are noncontiguous, they are all generally located north of the San Bernardino/Riverside County line, west of Haven Avenue, east of the Cucamonga Channel, and south of Shaefer Avenue. Cambridge Court (Tract No. 20298) is being built and sold by Woodside Homes and includes 106 proposed homes arranged in a conventional single-family detached style with some motor courts. Tract 20316 includes both NUVO Parkside and a remainder vacant parcel. NUVO Parkside is being built and sold by New Home Company and includes 303 proposed single-family homes spread across four different product lines, all of which are detached but range in style from motor court clusters to ally load. The New Home Company has utilized an off-sheet balance partner, known as Arroyo Cap II-1, LLC ("Arroyo Capital"), who purchased the lands from the developer and has been selling phases of NUVO lots in takedowns to the New Home Company. The New Home Company has taken down the majority of the lots, however Arroyo Capital still owns several, ranging in construction status from finished lots to homes under construction. The remainder vacant parcel refers to Lot 1 of Tract 20316 which is owned by Lewis (the master developer of Parkside). It is in a generally superpad condition and has entitlements per the Parkside Specific Plan for 236 units. Lastly, Fairhaven at Park Place (Tract No. 20389) is being built and sold by Lennar and includes 73 proposed single family detached homes arranged in motor courts. Within Cambridge Court, 62 of the total 106 proposed homes are completed and closed to individuals. Within NUVO Parkside, 161 of the total 303 homes are completed and closed to individuals. And

within Fairhaven, 1 of the total 73 proposed homes is completed and closed to individuals. Overall, across all three communities within NUVO Parkside, Cambridge Court and Fairhaven, 224 of the 482 homes have been completed and closed to individuals. The remaining lots vary in status from complete or nearly complete homes to homes under construction, to finished lots and the vacant, mass graded lot. The ownership and condition of the lands are detailed on the following page.

Description	No. Lots	Owner	Product / Condition / Status
Zone 1: Cambridge Court by Woodside (Tract No. 20298)			
Lots 28-31, 42-99 of Tract 20298	62	Individuals	Completed Homes
Lots 37-39 of Tract 20298	3	Woodside	Model Homes
Lots 13-24 of Tract 20298	12	Woodside	Over 95% Complete (12 in Escrow)
Lots 1-12, 25-27, 100-106 of Tract 20298	22	Woodside	Under Construction (19 in Escrow)
Lots 32-36, 40-41 of Tract 20298	7	Woodside	Finished Lots (0 in Escrow)
Subtotal – Cambridge Court	**106**		
Zone 2: NUVO Parkside - New Home Company (Lots 2-4 of Tract No. 20316) & Lot 1 of Tract No. 20316			
Units 1-16 of Lot 3; Units 1-2, 4-50, 59-98, 107-122, 149-188 of Lot 4 of Tract 20316	161	Individuals	Completed Homes
Units 51-54, 144-145, 147--148 of Lot 4 of Tract 20316	8	New Home Company	Model Homes (0 in Escrow)
Units 17-24 of Lot 3; Units 3, 99-102, 123-130, 146 of Lot 4 of Tract 20316	22	New Home Company	Over 95% Complete (21 in Escrow)
Units 1-6, 17 of Lot 2; Units 25-42 of Lot 3; Units 103-106, 189-220 of Lot 4 of Tract 20316	61	New Home Company	Under Construction (32 in Escrow)
Units 55-58 of Lot 4 of Tract 20316	4	Arroyo Cap II-1	Finished Lots (0 in Escrow)
Units 7-16, 18-21 of Lot 2; Units 139-143 of Lot 4 of Tract 20316	19	Arroyo Cap II-1	Under Construction (0 in Escrow)
Units 22-41 of Lot 2; Units 131-138 of Lot 4 of Tract 20316	28	Arroyo Cap II-1	Finished Lots (0 in Escrow)
Subtotal – NUVO Parkside	**303**		
Lot 1 of Tract 20316	N/A	Lewis	Superpad Condition
Zone 3: Fairhaven at Park Place by Lennar (Tract No. 20389)			
Lot 63 of Tract 20389	1	Individuals	Completed Homes
Lots 1-4 of Tract 20389	4	Lennar	Model Homes
Lots 5, 55-62, 64-73 of Tract 20389	19	Lennar	Over 95% Complete (18 in Escrow)
Lots 9-16, 37-54 of Tract 20389	26	Lennar	Under Construction (14 in Escrow)
Lots 6-8, 17-36 of Tract 20389	23	Lennar	Finished Lots (0 in Escrow)
Subtotal – Fairhaven at Park Place	**73**		
TOTAL CFD No. 56	**482**		

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Ontario, will utilize this report in disclosure documents related to the sale of the Ontario CFD No. 56 Special Tax Bonds. This report may be included in the Official Statement or similar document to be distributed in connection with the marketing and offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

DEFINITIONS

Market Value

The term "Market Value" as used in this report is defined as:

> *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
>
> 1. *buyer and seller are typically motivated;*
> 2. *both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;*
> 3. *a reasonable time is allowed for exposure in the open market;*
> 4. *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
> 5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*[1]

Inherent in the Market Value definition is exposure time or the time the subject property would have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions, the exposure time for each individually owned property or each builder-owned ownership in a bulk sale, is estimated at less than one year.

[1] The Appraisal of Real Estate, 13th Edition

Finished Lot or Pad

The term "Finished Lot or Finished Pad" is defined as:

> *"A parcel which has legal entitlements created by a recorded subdivision map or condominium map, whose physical characteristics are a fine graded level pad or lot with infrastructure contiguous to each individual lot, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable development fees with the exception of building permit and plan check fees."*

Minimum Market Value

The term "Minimum Market Value" as used in this report is defined as:

> *"The base market value of a new home less current concessions. That is, most buyers purchase some upgrades, options and/or lot premiums when purchasing a new home. The sales price for the new home typically includes the base price for the plan, plus any upgrades, options or lot premiums, less concessions, if any, which were given or paid for by the builder. The concluded minimum market value is for the base value of the plan only, not taking into consideration any upgrades, options, or premiums."*

Mass Appraisal Technique

The term "Mass Appraisal" as used in this report is defined as:

> *"The process of valuing a universe of properties as of a given date using standard methodology employing common data and allowing for statistical testing"*[2]

In the case at hand, the statistical testing included reviewing all original builder sales and reviewing the Multiple Listing Service ("MLS") for any re-sales and/or current listings of each plan type. In addition, we have determined the actual range of sales prices for each plan type which will be utilized in the valuation process. The search of the MLS resulted in no resales and no current resale listings within the subject properties.

Hypothetical Condition

The term "Hypothetical Condition" is defined by USPAP as:

[2] USPAP 2018-2019 Edition

> "*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 analysis"*

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds to be issued by and is subject to the lien of Ontario CFD No. 56.

Extraordinary Assumptions

The term "Extraordinary Assumption" is defined by USPAP as:

> *"An assignment specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions"*

There is one Extraordinary Assumption within this report which is that the sales information and the cost information as received from each builder are true and accurate. We have not reviewed actual escrow documents on the sales of the new homes but we have reviewed each sale as reported by the builder and the sale prices appear reasonable. In addition, we have reviewed the remaining land development costs/fees and they appear reasonable; however, we are not experts in the field of cost estimating. It should be noted that these costs were relied upon for the value conclusion and, if the remaining land development costs differ, it may change the value conclusions.

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple estate interest, subject to easements of record and subject to Ontario CFD No. 56. The definition of "fee simple estate" is defined as:

> *"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*[3]

[3] The Appraisal of Real Estate, 13th Edition

EFFECTIVE DATE OF VALUE

The subject property is valued as of August 7, 2023.

DATE OF REPORT

The date of this report is October 4, 2023.

SCOPE OF APPRAISAL

As previously stated, the purpose of this appraisal is to report the appraiser's best estimate of the market value for the subject property, Ontario CFD No. 56, which is known as the communities of Cambridge Court, NUVO Parkside, and Fairhaven at Park Place, as well as a vacant parcel adjacent to NUVO Parkside. There are a total of 482 proposed homes along with a vacant mass graded parcel within the subject boundary. This appraisal will be presented in the following format:

- County of San Bernardino Area Description
- City of Ontario/Ontario Ranch Description
- Brief Description of Ontario CFD No. 56
- Subject Property Descriptions
- Inland Empire Housing Market Analysis
- Highest and Best Use Analyses
- Valuation Procedures, Analyses and Conclusions
- Appraisal Report Summary

In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

> *"…a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sales prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparables is available."*[4]

[4] Dictionary of Real Estate Appraisal, Fourth Edition, 2002

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject that have recently been sold, are listed for sale or are under contract. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results. In addition, we have utilized a mass appraisal technique which included reviewing all builder sales and searching the MLS for any resales and/or resale listings.

The due diligence of this appraisal report included the following:

1. Compiled demographic information and related that data to the subject property to perform a feasibility/demand analysis.

2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro- and macro-economic outlook within San Bernardino County and the Ontario area.

3. Inspected the subject property between July 1, 2023, and August 28, 2023.

4. Had the site flown by an aerial photographer on July 29, 2023.

5. Interviewed representatives from each of the Builders and/or their consultants to obtain community information.

6. Reviewed a preliminary title report on portions of the majority of the subject properties.

7. Searched the area for relevant comparable residential land sales, inspected and verified each sale with a buyer or seller or broker familiar with the transaction.

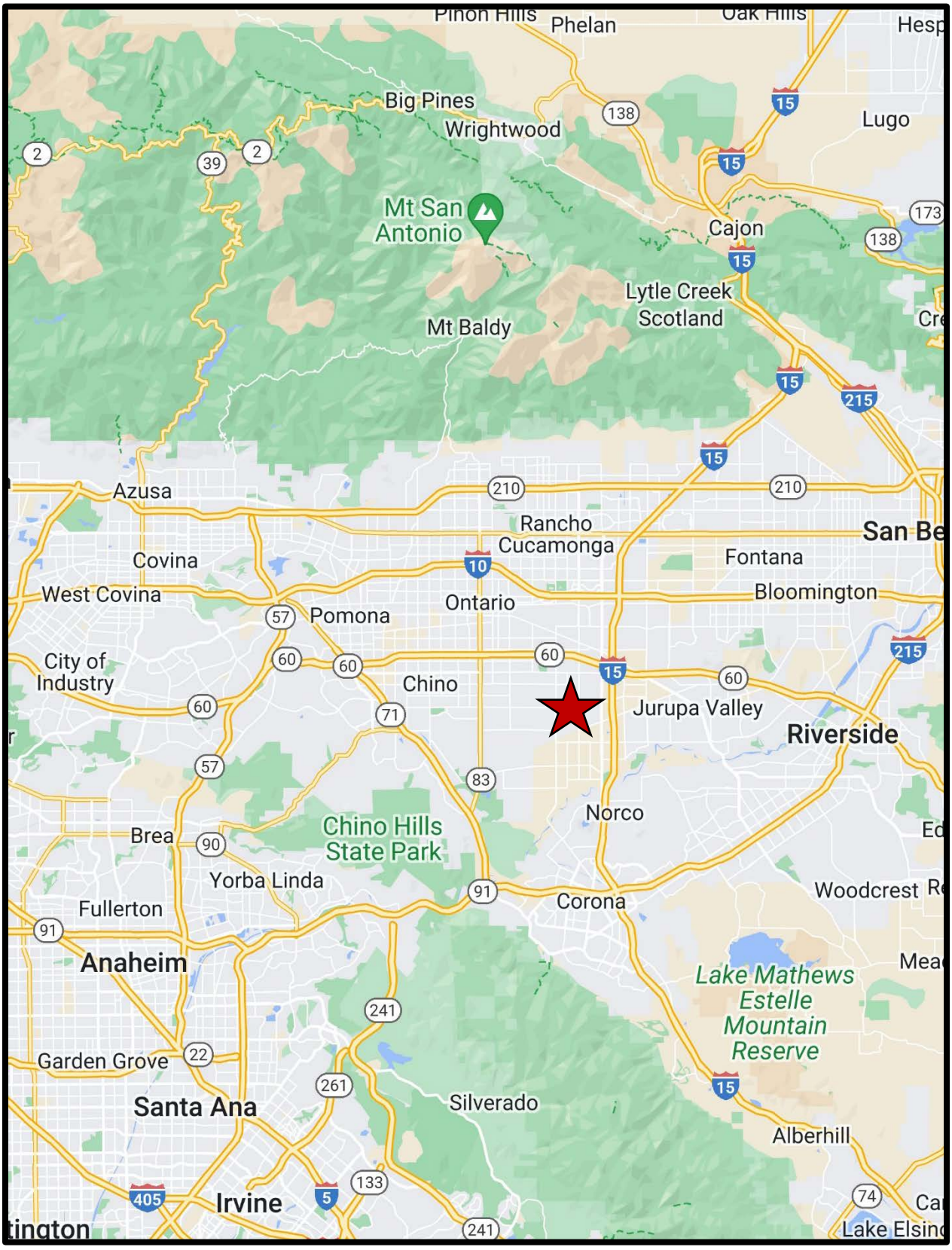
8. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable project.

9. Reviewed the sales brochures and websites for the subject communities.

10. Reviewed developer sales information on each home within the communities.

11. Reviewed Multiple Listing Service information to determine if there are any resales, pending resales or listings of resale homes.

REGIONAL AREA MAP



COUNTY OF SAN BERNARDINO AREA DESCRIPTION

Location

The subject property is located in the southwestern portion of San Bernardino County, in the southern portion of the City of Ontario within the area known as Ontario Ranch. More specifically, the subject properties are generally located north of the San Bernardino/Riverside County line, west of Haven Avenue (and west of Interstate 15 ("I-15")), east of the Cucamonga Channel, and south of Shaefer Avenue (and south of State Route 60 ("SR-60")).

San Bernardino County (the "County") is the largest county in the United States by area, containing over 20,100 square miles, and includes large expanses of undeveloped deserts, valleys, canyons, and mountains with mountains and deserts comprising about 90 percent of the acreage. The County is a major beneficiary of outward urban pressure from Los Angeles, Orange, and Riverside Counties. Although located at the periphery of most urban activity in Southern California, the southwestern portion of San Bernardino County has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

Transportation

The subject properties are situated approximately 1.5 to 2.5 miles west of I-15, 2.0 to 3.5 miles south of SR-60, approximately 4.5 to 6.0 miles south of Interstate 10 ("I-10"), and about seven miles north of State Route 91 ("SR-91"). The I-15 is the nearest interstate providing access to the subject via either the Limonite Avenue or the Cantu Galleano Ranch Road on/off ramps. Cantu Galleano Ranch Road becomes Ontario Ranch Road at the City limits at Hamner Avenue. I-15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. I-10 begins from the west in Los Angeles and provides access into Arizona to the east. In the vicinity of the subject, SR-60 provides additional east/west access about three miles north

of the subject, and less than three miles south of I-10, beginning in downtown Los Angeles, providing access throughout Riverside and San Bernardino counties, and ending in Beaumont. There is additional direct access to the subject from SR-60 via Haven Avenue or Milliken Avenue which becomes Hamner Avenue near the subject area.

The County is served by Amtrak and Metrolink as well as several rail-freight lines. The Ontario International Airport provides regional international air service and is located approximately 4.5 miles northwest of the subject property. San Bernardino International Airport is located approximately 20 miles northeast of the subject. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways, and state freeways.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2023 (latest available) County population was 2.182 million. This represents a one-year increase of 0.1 percent. This compares to an average annual growth rate over the past 20 years of 2.1 percent. Current projections for San Bernardino County per the California Department of Finance suggest the population is anticipated to reach approximately 2.32 million by 2030, indicating an average annual increase of approximately 0.90 percent over the next seven years. The current near zero growth rate is lower than the previous 20-year annual average of 2.1 percent, likely due to the disruption of the COVID pandemic. The future growth of 0.90 percent annually was predicted assuming a more stable market than was seen prior to the Great Recession, however, doesn't take into effect the COVID pandemic.

Economy

The U.S. economy is experiencing challenging times due to reactions from the COVID recession. These economic challenges include significant inflation, increasing interest rates, banks' instability and reaching an agreement on the debt ceiling. During COVID, the Federal, State, County and City Governments ("Governments") originally shut down

non-essential businesses and areas where social gatherings occur in order to slow the spread of the virus. This created a strain on small and large businesses alike. Restaurants and hotels were hit hard and travel reduced drastically as citizens were urged to stay home. Layoffs occurred with reports of 40 million people filing for unemployment the first few months of the pandemic. The Governments attempted to curtail the job losses and hardships with the approval of over $5.6 trillion in COVID relief to our nation. In addition, the Federal Reserve Board ("Board") reduced interest rates and started quantitative easing by buying bonds. This legislation helped shore up the U.S. economy; however, due to the significant amount of new money introduced into the economy, inflation began occurring at a rate not seen for 40 years. As of June 2023, the national inflation rate was at a two year low at 2.97 percent; down from February 2023's 6.0 percent and from the peak in June 2022 of 9.1 percent. This compares to a 1.24 annual percent rate for 2020 and an average of 1.74 percent annual rate for the previous ten years. Whether it is a result of the Russian/Ukraine war, supply chain issues due to COVID or from the additional money entering the economy, inflation is hitting Americans hard.

In an effort to curb inflation, the Federal Reserve Board ("Board") began raising interest rates. Since March 2022, there have been eleven interest rate increases rising the Federal Reserve Rate ("FRR") from 0.25 – 0.50 percent to 5.25 – 5.50 percent. While these increases appeared to help slow inflation, the quick, significant increases have strained bank balance sheets. Three major banks failed in early 2023 with the government taking unprecedented action to help shore them up. At the June meeting the Board paused the increases; however, at the July meeting, they raised it another 0.25 percent increase. Additional increases are now expected later in the year. In addition to causing bank instability, the FRR increases over the past 15 months increased a typical 30-year fixed mortgage rate from 2.98 percent as of November 10, 2021, to a peak of 7.08 percent as of November 10, 2022, then dropped to an average around 6.5 percent until the past month with the August 17, 2023, rate at 7.09 percent (per Federal Reserve Economic Data-St. Louis). This steep increase over the past 15 months has significantly affected the real estate market.

The COVID disruption to the economy also caused extreme volatility in the stock market with the Dow Jones Industrial Average ("DJIA") dropping from 29,398 in February 2020 to 19,174 in March 2020, a drop of 37 percent. The Government interventions resulted in a bounce back in the DJIA to 27,111 by June 2020 with the stock market then climbing up to an all-time high of 36,799 in January 2022. In February 2022, Russia began invading Ukraine which caused volatility in world economics followed by U.S. inflation, interest rate increases and instability in the U.S. due to the debt ceiling being reached. All of these factors caused a drop in the DJIA of approximately four percent from January 2022 to August 2, 2023 (35,283). The nation's debt limit can only be increased through government approvals. The current partisanship in our government caused a stand-off in increasing the debit limit which was in danger of being reached, and the stock market's volatility throughout May due to this stand-off was evident. However, a deal was reached in early June (before the deadline), and the stock market has shown less volatility. Current concerns include the Federal Reserve decisions on interest rate increases.

The significant increase in mortgage rates over the past year is just one part of the puzzle affecting the impact of new housing on the broader economy. Additional risks include homebuilders trying to find balanced inventory levels, supply chain issues, both wage and price increases, and persistent inflation. Over the past 25 years, the Inland Empire economy has had significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Inland Empire housing market seeing an improvement beginning in mid-2012. Contrary to homebuilder's original thoughts of a slowdown due to the COVID pandemic, new home buyers stepped up in the spring of 2020 and new home sales were significantly higher during the second half of 2020 versus the previous year and continued extremely strong throughout 2021 and the first half of 2022. This exceptional activity in new home sales was the one bright spot in the COVID recession and is thought to be due to several factors, including: a tight supply of resale homes; historically low interest rates; millennials finally buying homes; and the work from home factor which began during the pandemic and allowed residents to live in more

suburban areas without long commutes. As rates began increasing in early 2022, there was a significant slowdown in sales and softening of prices within the Inland Empire, with year-over-year decreases in sales as of July 2023 of more than 10 percent. The high mortgage rates have significantly slowed existing homeowners from moving. The limited availability of existing homes on the market has resulted in new homes capturing a much larger share of the total home sales; however, new home sales are also down year-over-year.

While most jobs have come back, job losses were significant during the COVID recession as the Nation's unemployment rate went from 3.5 percent in February 2020 to 14.4 percent in April 2020, with the July 2023 National unemployment rate at 3.8 percent (Employment Development Department, not seasonally adjusted). The Congressional Budget Office ("CBO") Forecast for the U.S. Economy (published February 2023) predicted real GDP growth will come to a halt in 2023 then will average 2.4 percent from 2024 to 2027 and then 1.8 percent between 2028 to 2033. The CBO states they expect unemployment rates to rise through early 2024 reflecting the slowdown in economic growth. In summation, the CBO projects for 2023: stagnant output, rising unemployment, gradually slowing inflation, and interest rates to remain at or above their current levels. They believe that in 2023, non-interest spending will substantially exceed revenues with rising interest rates driving up the cost of borrowing which results in the government debt steadily increasing. Over the long term, they suggest changes in fiscal policy to address the rising costs of interest and mitigate other adverse consequences of high and rising debt.

The unemployment rate for the MSA was estimated at 4.9 percent (as of July 2023 per the Employment Development Department). This reflects a decrease from the peak during the Great Recession of 15.1 percent in 2010 and a decrease from the peak during COVID of 14.9 percent. As of July 2023, San Bernardino County's unemployment rate was 4.8 and Riverside County had a 5.0 percent unemployment rate. The current unemployment rate for the MSA of 4.9 percent is slightly higher than the California rate at 4.8 percent and higher than the July 2023 National rate of 3.8 percent. Below is a table

comparing San Bernardino County's unemployment rate to the unemployment rates of the surrounding counties as of July 2023.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	July-2023	4.8%
Riverside County	July-2023	5.0%
San Bernardino County	July-2023	4.8%
Orange County	July-2023	3.6%
San Diego County	July-2023	3.9%

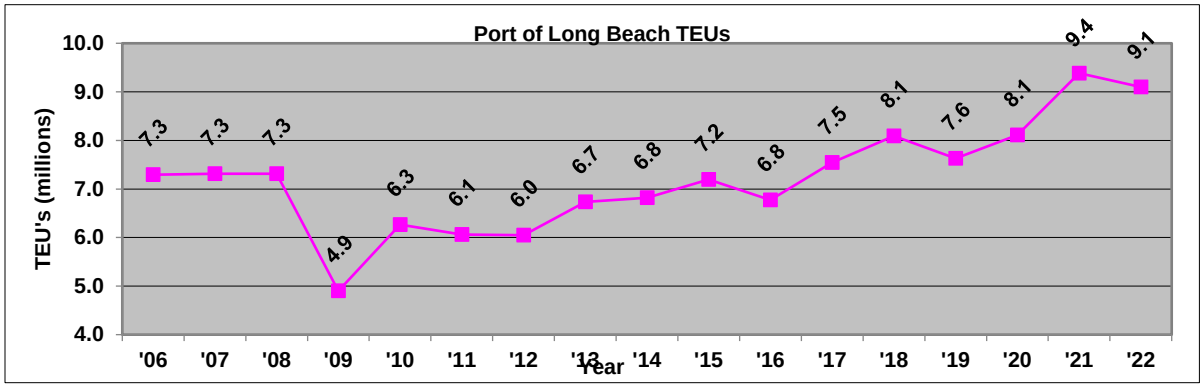
Source: State of California E.D.D.; *Not Seasonally Adjusted

The latest UCLA Anderson Forecast ("Forecast") was issued June 7, 2023, and stated that the potential action by the Federal Reserve will determine whether the nation continues to grow or experiences a mild, short-lived recession in 2023. They believe the economy is at a recession-related fork in the road with one path leading to continued economic growth (although slower than the recent 2.4 percent growth rate) and the other would lead to a mild short-lived recession. Whether the economy slips into recession or not will depend largely on inflation stickiness and the additional action the Federal Reserve takes to bring down inflation. The Forecast states that if the Federal Reserve moderates its aggressive tightening, quarterly economic growth for the second quarter to grow at 2.6 percent and around 1.0 percent quarterly growth for the second half of 2023. If the Federal Reserve keeps aggressively tightening, a mild recession will occur with the economy contracting beginning in the third quarter 2023 and deepening in the fourth quarter 2023 and the first quarter 2024 followed by the beginning of a slow rebound. The Forecast states under both scenarios, inflation will still be elevated but will be more persistent in the recession scenario requiring tighter monetary policy. They believe both outcomes will include persistent inflation with the no-recession scenario resulting in lower inflation and thus, more moderate monetary policy.

The UCLA Forecast for California is more positive than the overall Nation due to a strong demand for defense goods, labor saving equipment and software. In the no-recession scenario unemployment rate averages by year are estimated at 4.1 percent for 2023, 4.0 percent for 2024 and 4.0 percent for 2025. In the recession scenario, unemployment rate averages are expected to be 4.4 percent for 2023, 4.8 percent for 2024 and 4.6 percent

for 2025. Under both scenarios the California Forecast projects housing permits to grow to at least 157,000 in 2025 despite the higher interest rates. The fact that the California housing market is not overbuilt will offset the decrease in the housing market. Overall, the Forecast believes that California will have a more moderate slowing or, in the case of a recession, a milder downturn than the U.S. overall.

As a final indicator of overall economic activity for the region, we have reviewed the rise and fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the Inland communities, as it represents much of the growth in development of west coast distribution centers and warehouses in the Inland Empire linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there have been increases since 2009 with the exception of a slight dip in 2016 and again in 2019 which ended with a 5.6 percent downturn. The 2022 calendar year saw a decrease of 2.6 percent from the previous year. June 2023 was running 28.5 percent below June of 2022 (597,076 versus 835,412 total TEUs). It should be noted that Spring 2022 was a time when the back-up at the ports was still occurring due to supply chain issues. Per the Orange County Register ("Lack of product demand hurts drivers," October 31, 2022) consumer demand cooled in mid-2022 leaving fewer TEUs needing to be driven from the ports. They are stating shipments have slowed due to American demand finally waning after the pandemic coupled with some major retailers bypassing the California ports for East Coast ports to avoid a possible upheaval by West Coast dockworkers as they negotiate a new contract. It appears that the slowdown in work for the dray operators (drivers who ship containers in and out of the ports) may be resulting from a slowdown in overall TEU demand.



Education

The subject area is served by the Mountain View Elementary School District and Chaffey Joint Union High School District. The subject is assigned to Park View Elementary, Grace Yokley Middle School, and Colony High School. Mountain View Elementary School District operates a total of five schools (four elementary schools and one middle school) and Chaffey Joint Union High School District operates 12 schools serving students above middle school age. Community Colleges are available near the subject at Chaffey College in Rancho Cucamonga (11 miles north), at Chaffey College's Chino campus (five miles west of the subject in Chino), and San Bernardino Valley College (18 miles northeast). Higher education is available approximately 20 miles to the northeast at California State at San Bernardino, about 15 miles east is University of California at Riverside, 11 miles northwest in the private Claremont Colleges area which include Claremont McKenna College, Pitzer College, Harvey Mudd College, Pomona College, and Scripps College, and 14 miles to the northwest at Cal Poly Pomona.

Conclusion

Population in the County has increased over the past 20 years with predictions for continued population growth. The Nation's economy has been slowing after the Board increased the FRR by over five percent to fight historical inflation which began during COVID. One bright spot during COVID was housing: the region's relative affordability and low interest rates, coupled with the rising prices in the coastal market and the demand for housing, set up a new housing boom. This was followed by a significant drop in sales due to increasing mortgage rates and existing homeowners being unwilling to give up their low-rate mortgages. Current concerns for the Inland Empire economy include stubborn inflation, the high prices of homes, higher interest rates, supply chain issues, recent bank failures along with the Russian invasion of Ukraine, which are all creating volatility in both local and global financial markets. A possible light recession is forecast for later this year. What effect the recent bank failures will have on the economy is unknown at this time. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land, and the relatively lower land and housing prices in comparison to adjacent Orange, Los Angeles, and San Diego Counties.

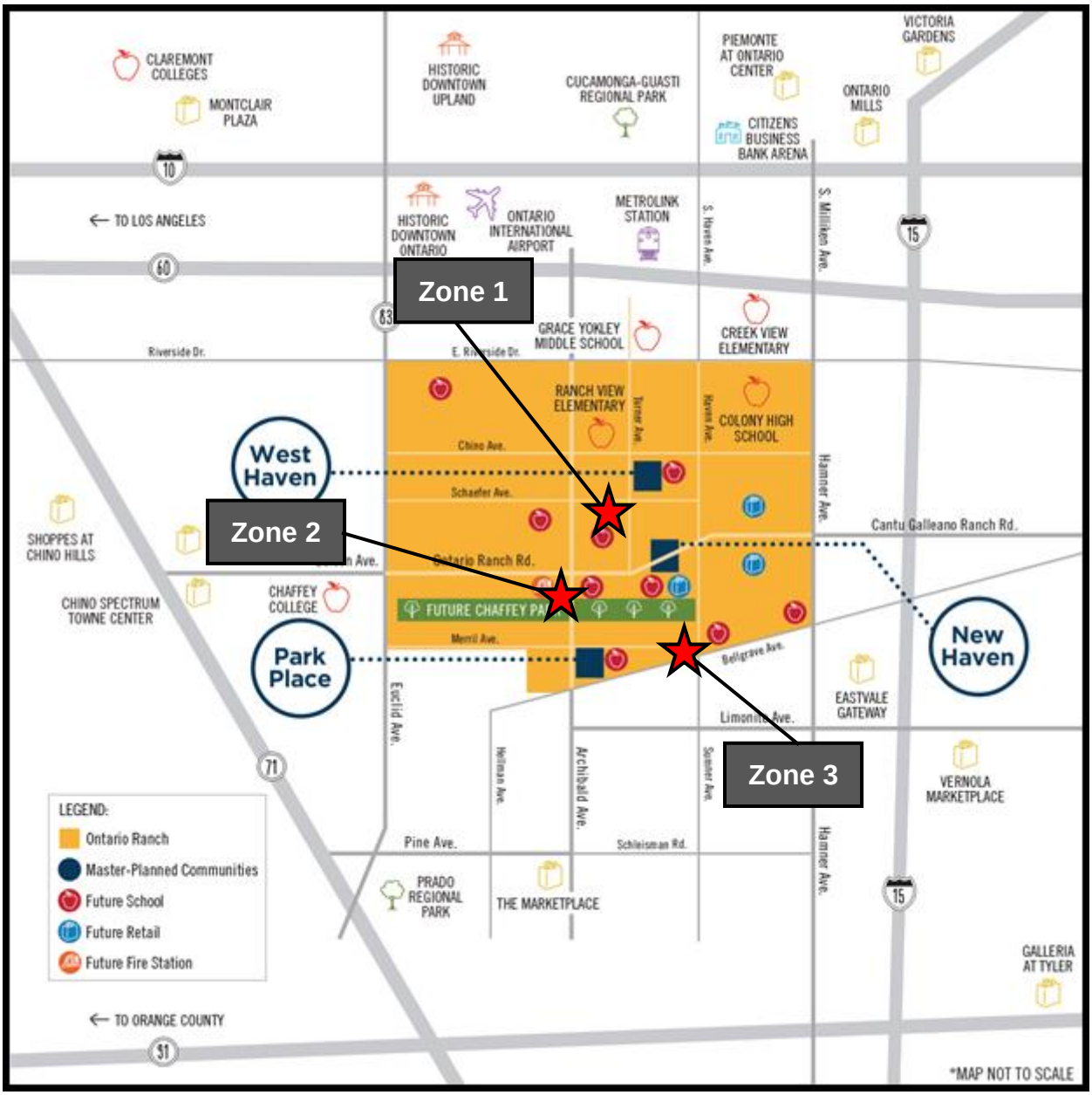
CITY OF ONTARIO / ONTARIO RANCH DESCRIPTION

General Area

The subject property is located in the southern portion of the City of Ontario near the western boundary of San Bernardino County. The City is about 35 miles east of downtown Los Angeles and encompasses approximately 50 square miles of land area. Ontario was established in 1882 by Canadian engineers George and William Chaffey and Charles Frankish. The settlement was originally named Ontario Model Colony after the province in Ontario, Canada where the settlers were from. The subject is located in the area known as the Ontario Ranch (formerly the New Model Colony) which includes approximately 8,200 acres that was formerly a portion of the San Bernardino Agricultural Preserve and was annexed by the City of Ontario in 1999. The Ontario Ranch is generally bounded by Riverside Drive to the north, Milliken Avenue/Hamner Avenue to the east, the Riverside County line and Merrill Avenue to the south, and Euclid Avenue to the west. The area was predominantly dairy farms and agricultural lands until the early 2000s when it began transitioning into residential land use. The Great Recession stopped development in the Ontario Ranch until 2012 when land sales and development began once again. Between the second half of 2020 into 2022, Ontario Ranch benefited from the significant increase in new homes sales due to the COVID pandemic factors. Residential land sales slowed from mid-2022 to mid-2023 with land transactions occurring once again.

On the following page is a map showing the Ontario Ranch area in the City of Ontario. The map shows the amount of land available for future development in the community. The 8,200 acres of the Ontario Ranch is proposed for over 30,000 new residential units. As a result of the Ontario Ranch, the City is planning on adding 150,000 new residents over the next 20 years which will make it one of the 50 largest cities in the U.S. The map identifies three of the original larger master plans known as Park Place, New Haven, and West Haven. The subjects are located within The Avenue Specific Plan (Zone 1, southwest of West Haven), Parkside Specific Plan (Zone 2, northwest of Park Place) and the Subarea 29 Specific Plan (Zone 3, east of Park Place which is also within Subarea 29). The subject's locations are identified by the red stars below.

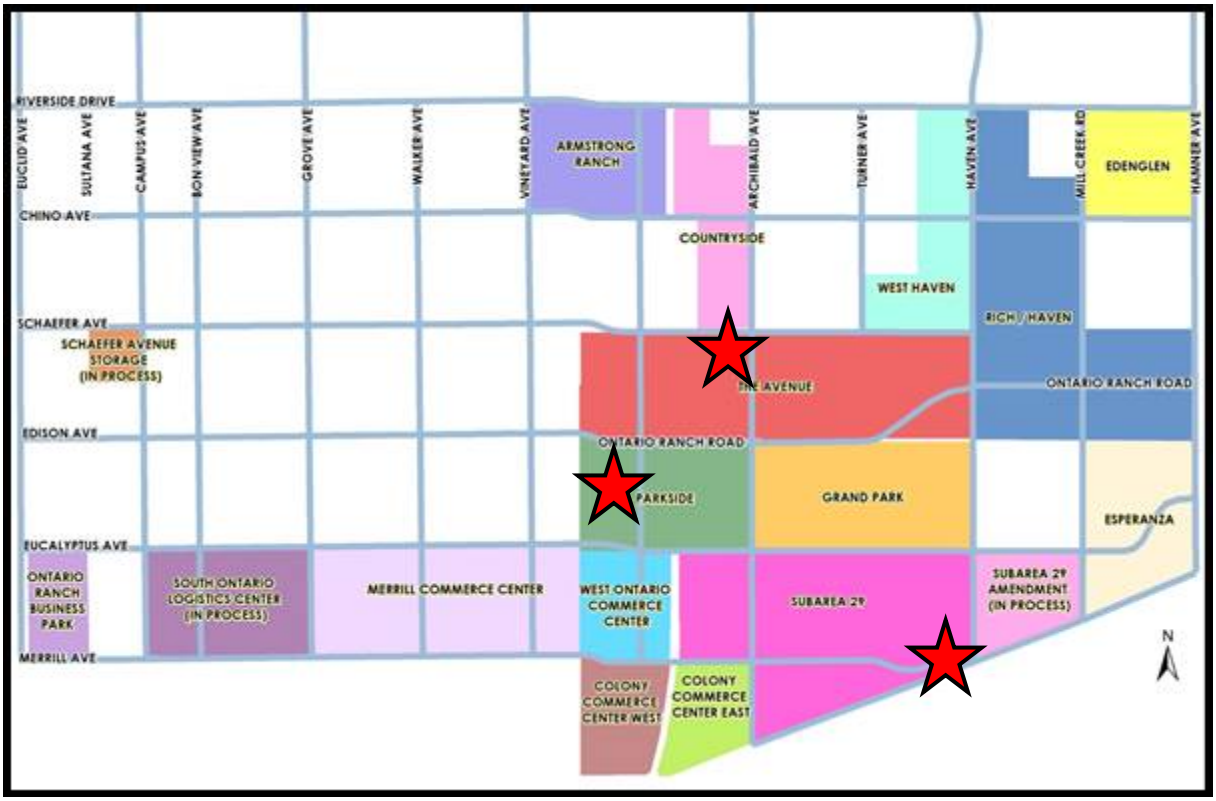
The Ontario Ranch (highlighted) and Surrounding Area



Population

The City of Ontario had a January 2023 estimated population of 180,717 which reflects an increase of 1.1 percent from the year before (per Department of Finance); however, during this time period the majority of cities in the County had a declining population with the overall County showing a slight 0.1 percent increase. Between 2010 and 2020 the City grew at an average annual growth of 1.43 percent. The more recent population increase is mostly due to the new development within the Ontario Ranch which is

essentially the last remaining undeveloped residential land within the City. The population is anticipated to continue to increase at a faster rate than the overall County due to the new residential development currently underway in Ontario Ranch; however, with the recent rise in interest rates, the population growth rate may be tempered. Below is a map from the City of Ontario's website showing the various specific plans within the Ontario Ranch. As mentioned, the subject properties are located within The Avenue Specific Plan (red); Parkside Specific Plan (Green) and Subarea 29 Specific Plan (pink).



Within the Ontario Ranch, out of the total 8,200 acres, 4,026 acres are approved within the above 18 specific plans (per latest update on City website). Within the approved 4,026 acres are; 10,455 single family residences, 10,659 multi-family residences, 1.63 million square feet of commercial, 16.35 million square feet of industrial and 3.88 million square feet of business park. There is an additional 314 acres and 574 single family units in process for approval along with 4.42 million square feet of industrial space and nearly 920,000 square feet of business park. There are ten residential specific plans currently with approvals which include Grand Park, The Avenue (includes Zone 1 of subject property), Parkside (includes Zone 2 of subject property), Subarea 29 (includes Zone 3

of subject property), Rich Haven, Parkside, Esperanza, West Haven, Edenglen, Armstrong Ranch and Countryside. In addition, there are approvals for the Colony Commerce Center West, the West Ontario Commerce Center, the Colony Commerce Center East, the Merrill Commerce Center, the Ontario Ranch Business Park, and South Ontario Logistics Center. There is one amendment to a specific plan in process, which is in Subarea 29, which includes 574 single family units over 125 acres. There are currently six specific plans marketing houses: The Avenue (includes Cambridge Court, Zone 1), Parkside (includes NUVO Parkside and Vacant Land Parcel. Zone 2), Subarea 29 (includes Fairhaven, Zone 3), Esperanza, West Haven, and Countryside. Esperanza includes Lennar's Esperanza age qualified community of Vivir as well as Sunset Ranch with three active communities: Belmont; Moonstone; and Torrey, all by KB Home. Subarea 29 has Lennar's Fairhaven (subject Zone 3). The Avenue has one new home project currently selling: Cambridge Court by Woodside (subject Zone 1). Rich Haven has four new home projects currently selling: Oleander by Shea; Neuhouse by Landsea; and Indigo and Citrus by Brookfield. NUVO (which includes Bryant, Grant, Hyde, and Lincoln) is within Parkside and is being built-out by The New Home Company (subject Zone 2). Lastly, Countryside currently has two new home communities, Shady Tree at Country Lane, and Whispering Wind at County Lane, both by Lennar. Park Place was developed by Lewis Community Developers and Stratham Communities in a partnership, previously had over ten new home neighborhoods selling by five different homebuilders, but all have closed out as the original Park Place is built-out.

Ontario Ranch Parkway has on/off ramps from the I-15 about 0.25 miles west of the entrance to Ontario Ranch. Ontario Ranch Parkway is known as Cantu-Galleano Ranch Road in Riverside County. The County line generally runs along Hamner Avenue at Ontario Ranch Parkway with the west side of Hamner Avenue in San Bernardino County and the east side of Hamner Avenue in the panhandle of the City of Eastvale in Riverside County.

Transportation

The City is served by three major freeways. State Route 60 and Interstate 10 traverse the City in an east west direction while Interstate 15 runs in a north-south direction just east

of the City, in the Ontario Ranch area and through the City north of I-10. The Ontario International Airport is located about five miles north of the subject. Ontario International is the 15th busiest airport in the country measured by cargo carried. It is a major hub for freight and is surrounded by one of the largest warehousing/distribution districts in California. This industrial area is divided between the cities of Ontario, Rancho Cucamonga, Jurupa Valley, Fontana and Eastvale

Economy

While the early economy of Ontario was more dairy and agricultural influenced, in the 1970s thru 1990s the development of industrial buildings surrounding the airport fueled the area. This industrial area became built-out leaving little land for development remaining in the late 1990s when the annexation of the Ontario Ranch occurred. Once planning was approved, land began selling to residential home builders in the mid-2000s however the Great Recession stopped development generally from 2006 through 2012.

Over 5,000 homes have been sold in Ontario Ranch since early 2016. There were several land transactions within the Ontario Ranch in 2012 and 2013 however 2014 saw a slow down with little to no finished lot sales in the area. The year 2015 saw no finished lot sales but did include additional construction by Brookfield Homes in the area of The Avenue. The years 2018 through 2021 saw more residential land transactions in Ontario Ranch and synergy in the area began, with five land closings in 2020, four in 2021, none in 2022 and two thus far in 2023. It was recently announced that Ontario Ranch was the top selling Southern California region for the second consecutive year. The sales activity since the onset of COVID had led builders to jump on new land opportunities as pricing and sales rates were both increasing. In spring and summer of 2022 things started to turn. No new residential land transactions closed in Ontario Ranch in 2022 due in part to increasing interest rates and the sales absorption slow down. However, 2023 has seen numerous land transactions in the greater Ontario area go under contract, and while the majority of these land transactions have yet to close, new home sales are still occurring at an average to above average pace. This is thought to be due to the extremely limited supply of existing homes for sale. Historically 10 – 13 percent of total home sales are new

homes; however, for the past year, new home sales are capturing 30 – 40 percent of total sales due to the limited availability of existing home sales.

Within Ontario Ranch, the New Haven Marketplace opened with a Stater Bros market, Starbucks, Chase Bank, Brew Haven Tap House, Carl's Jr and Jersey Mike's along with additional in-line space. Adjacent to the Ontario Ranch, immediately to the east, between I-15 and Hamner Avenue is the recently developed industrial area located within the "panhandle" of the City of Eastvale. This area currently houses Costco, an Amazon fulfillment center, and both Walmart and UPS Distribution centers.

Summary

Population in the City of Ontario had continually grown at a slower rate than other areas due to essential build-out prior to the approval of the Ontario Ranch. This past year the growth rate within the City was significantly higher than that of the County. Predictions are for a stronger population growth due to the transition of lands within the Ontario Ranch from agricultural uses to residential uses. There have been numerous specific plan approvals and residential land sales within Ontario Ranch in the past few years. Ontario has enjoyed strong new home sales and price increases along with the rest of the Inland Empire housing market in the last two years. The neighboring City of Eastvale is essentially built-out with Ontario Ranch in the direct line of development from the more populated coastal areas. While higher interest rates suggest a real estate slowdown, due to the population growth, the need for new homes will continue. The City, and more specifically the Ontario Ranch, are projected to continue to have positive growth into the future.

ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA)

We have reviewed the Formation Hearing Report ("Report") dated December 21, 2021, prepared for Ontario CFD No. 56 by Goodwin Consulting Services. Per the Report the City Council of the City of Ontario adopted a Resolution of Intention to establish Ontario CFD No. 56 on November 16, 2021. The Report gives the following description of authorized facilities and services.

> Facilities to be Financed or Purchased – The types of facilities to be financed or purchased by Ontario CFD No. 56 are street and bridge improvements, including grading, paving curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, domestic and recycled water distribution facilities, sewer collection facilities, solid waste facilities, storm drainage facilities, park and recreation facilities and equipment, aquatic facilities and equipment, fire facilities and equipment, police facilities and equipment, library facilities and equipment, fiber optic telecommunication system facilities, general governmental office, administrative and meeting facilities, and land, rights-of-way and easements necessary for any of such facilities.
>
> Services – Police protection services, fire protection and suppression services, ambulance and paramedic services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

These facilities, which are eligible for financing under the Mello-Roos Community Facilities Act of 1982, are necessary to meet increased demands placed upon the district as a result of the development of said property. In addition to the above facilities and services are incidental expenses for the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities; the costs associated with the creation of Ontario CFD No. 56, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes or costs otherwise incurred in order to carry out the authorized purposes of Ontario CFD No. 56; and any other expenses incidental to the construction, completion, and inspection of the authorized work. The cost estimates include a Special Tax A (Facilities) and a Special Tax B (Services). It should be noted that Zone 1 and Zone 3 are located within other services CFD's and will not be subject to Special Tax B of Ontario CFD No. 56.

The cost estimate for the Facilities and Services as stated in the Report is shown below.

Estimated Costs including Replacement Costs	$66,265,000
Incidentals:	
Bond Reserve Fund	$ 4,872,000
Bond discount/Issuance Costs	$ 2,887,000
Capitalized Interest	$ 976,000
Total Bond Amounts Needed	$75,000,000

It should be noted that the above amounts assume three series of bonds over 100 years.

The assigned Special Tax A amounts for developed property within Ontario CFD No. 56 as shown in the Certificate of Modification of Special Tax A (proposed on October 3, 2023) for each zone are shown in the tables below.

Tax Zone 1

Land Use Class	Description	Square Footage	Assigned Special Tax
1	Single Family Detached Property	< 1,801	$2,758 per Unit
2	Single Family Detached Property	1,801 – 1,900	$2,845 per Unit
3	Single Family Detached Property	1,901 – 2,000	$2,868 per Unit
4	Single Family Detached Property	2,001 – 2,100	$2,935 per Unit
5	Single Family Detached Property	2,101 – 2,200	$3,066 per Unit
6	Single Family Detached Property	2,201 – 2,300	$3,102 per Unit
7	Single Family Detached Property	2,301 – 2,400	$3,169 per Unit
8	Single Family Detached Property	2,401 – 2,500	$3,255 per Unit
9	Single Family Detached Property	➢ 2,500	$3,349 per Unit
10	Other Residential Property		$48,482 per Acre
11	Non-Residential Property		$48,482 per Acre

Tax Zone 2

Land Use Class	Description	Square Footage	Assigned Special Tax
12	Single Family Detached Property	< 901	$2,184 per Unit
13	Single Family Detached Property	901 – 1,000	$2,371 per Unit
14	Single Family Detached Property	1,001 – 1,100	$2,542 per Unit
15	Single Family Detached Property	1,101 – 1,200	$2,693 per Unit
16	Single Family Detached Property	1,201 – 1,300	$2,924 per Unit
17	Single Family Detached Property	1,301 – 1,400	$3,175 per Unit
18	Single Family Detached Property	1,401 – 1,500	$3,283 per Unit
19	Single Family Detached Property	1,501 – 1,600	$3,340 per Unit
20	Single Family Detached Property	1,601 – 1,700	$3,436 per Unit
21	Single Family Detached Property	1,701 – 1,800	$3,561 per Unit
22	Single Family Detached Property	1,801 – 1,900	$3,778 per Unit
23	Single Family Detached Property	1,901 – 2,000	$4,055 per Unit
24	Single Family Detached Property	➢ 2,000	$4,192 per Unit
25	Other Residential Property		$76,571 per Acre
26	Non-Residential Property		$76,571 per Acre

Tax Zone 3

Land Use Class	Description	Square Footage	Assigned Special Tax
27	Single Family Detached Property	< 1,101	$2,508 per Unit
28	Single Family Detached Property	1,101 – 1,300	$2,694 per Unit
29	Single Family Detached Property	1,301 – 1,500	$3,301 per Unit
30	Single Family Detached Property	1,501 – 1,700	$3,306 per Unit
31	Single Family Detached Property	1,701 – 1,900	$3,620 per Unit
32	Single Family Detached Property	1,901 – 2,100	$4,013 per Unit
33	Single Family Detached Property	➢ 2,100	$4,357 per Unit
34	Single Family Attached Property	<1,301	$2,716 per Unit
35	Single Family Attached Property	1,301 – 1,500	$2,880 per Unit
36	Single Family Attached Property	1,501 – 1,700	$3,452 per Unit
37	Single Family Attached Property	1,701 – 1,900	$3,554 per Unit
38	Single Family Attached Property	➢ 1,900	$3,885 per Unit
39	Other Residential Property		$125,970 per Acre
40	Non-Residential Property		$125,970 per Acre

The assigned Special Tax B amounts for developed property within Ontario CFD No. 56 Zone 2 as shown in the resolution of formation are shown in the table below.

Land Use Class	Max. Special Tax B Fiscal Year 2022-23
Single Family Detached Property	$1,623.20 per Unit
Multiple Family Dwelling Unit	$1,406.69 per Unit
Gated Attached Dwelling Unit	$1,179.66 per Unit
Non-Residential Property	$0.296 per Sq. Ft.

Per the latest Sources and Uses of Funds (dated September 26, 2023), the total uses of funds (all amounts subject to change) are anticipated to be $2,643,473 for Zone 1, $11,419,316 for Zone 2 and $2,963,390 for Zone 3 in Project Fund Deposits, $1,312,825 in Debt Service Reserve Fund and $587,625 in Cost of Issuance and Underwriter's Discount. A copy of the Ontario CFD No. 56 boundary map is located in the Addenda for your review.

SUBJECT PROPERTY DESCRIPTIONS

The subject property consists of the neighborhoods known as Cambridge Court by Woodside Homes, NUVO Parkside by the New Home Company, and Fairhaven at Park Place by Lennar, in addition to Lot 1 of Tract 20316 owned by Lewis. Information specific to each community is listed below.

Cambridge Court by Woodside Homes (Zone 1 of Ontario CFD No. 56)



Location:	Northeast corner of La Avenida Drive and Manitoba Place, Ontario Ranch, Ontario, California.
Legal Property Description:	Lots 1-106 of Tract Map No. 20298.
Property Owner:	Individual Owners as Lots 28-31, 42-99 of Tract 20298; Woodside 05S LP as to Lots 1-27, 32-41, 100-106 of Tract 20298.
Assessors Parcel Nos.:	0218-653-01 through -57; 0218-654-01 through -49.

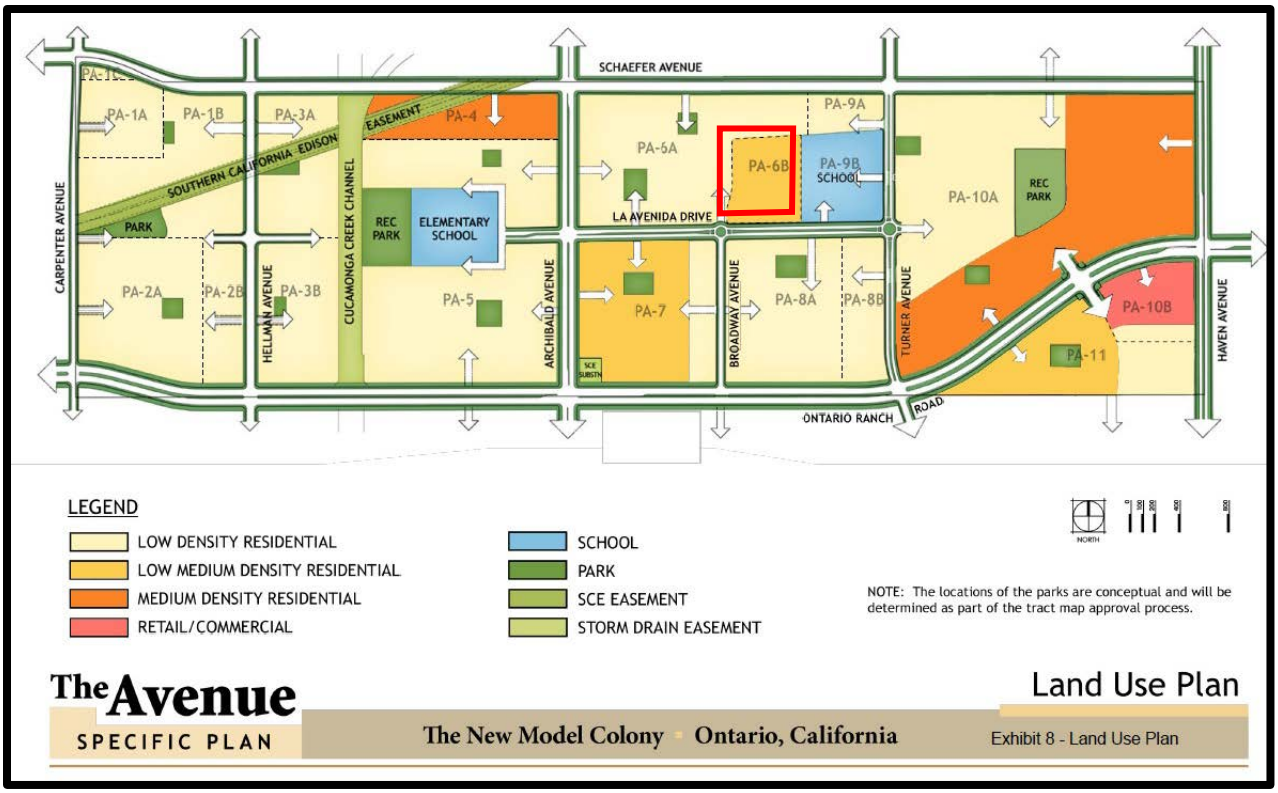
Property Taxes: We have reviewed a sample Cambridge Court home tax bill on Assessor Parcel Number 0218-653-28. The July 2022 property tax bill totaled $7,991.78 which included $3,159.76 for general levy, $3,169.00 for CFD 56 Parkside Special Tax A (subject), $1,443.71 for CFD 32 Archibald/Shaefer (Services), $92.89 for Chaffey High Bond, $43.28 for Chaffey College Bond, $42.34 for the Mountainview Elementary SFID No. 1, and $40.80 in miscellaneous charges. This was based on an assessed value of $315,976.00. A 2022 supplemental property tax bill based on a new value of $723,575.00 (and an assessed value of $407,599.00 representing the difference between the old assessed value and the new assessed value), includes $4,075.99 for the general levy, $119.83 for Chaffey High Bond, $55.84 for Chaffey College Bond, $54.61 for the Mountainview Elementary SFID No. 1, and $14.26 for the Metro Water Debt, for a total tax invoice of $4,320.53. The total of the two property tax invoices for 2022 is $12,312.31 which equates to approximately 1.7 percent of the assessed value of $723,575.00.

Three-Year Sales History: Woodside Homes purchased Tract 20298 from Ontario Schaefer Holdings, LLC on December 23, 2020, for $13,611,196 per public record. This equates to a per lot price of $128,408 and was based off a finished lot value of $184,818 per representatives of the builder. Woodside began selling homes at Cambridge Court in October of 2021. Individual homebuyers have closed on 62 homes between April 22, 2022, and June 6, 2023. There are 31 proposed homes in escrow which are due to close upon completion.

Size and Shape: The subject property is roughly rectangular shaped and contains an estimated 10.486 gross acres and 7.863 net acres per recorded Tract Map No. 20298.

Zoning: Per the City of Ontario's General Plan (Land Use Plan LU-01) the site is designated as LMDR or Low Medium Density Residential, which allows for 5.1-11.0 dwelling units per acre. Per the current City of Ontario Zoning Map, the site is shown as Specific Plan – The Avenue (PSP05-003).

Specific Plan: Per The Avenue Specific Plan (dated December 2006, amended November 17, 2020) the subject site is designated as Planning Area 6B. Planning Area 6B includes 10.0 gross acres and was proposed for 106 detached lots with a density of 10.6 du/acre. The most recent amended version shows the School Site adjacent to the subject and the subject as PA 6B. The Specific Plan Land Use Map is pictured below, with Zone 1 outlined in red. The 106 proposed units is allowed per the Specific Plan and is within the allowed density for the Ontario General Plan.



Entitlements: Tract Map No. 20298 encompasses Zone 1 of the subject property (covering all of Cambridge Court). Tract Map 20298 covers 10.486 gross acres and 7.863 net acres, was recorded on July 15, 2021 and divides Zone 1 into 106 numbered and 19 lettered lots.

The recorded tract maps allow for 106 single family detached lots with a minimum lot size of 2,700 square feet on the total 10.486 acres resulting in an overall density of 10.1 dwelling units per acre which is within the allowed zoning and general plan designation.

Topography: The topography is generally flat, and currently the subject property is at street level of the surrounding streets. The lands have been developed into single-family detached lots. Drainage appears to be within an engineered street drainage system.

Soils Condition: We have reviewed three “As-Graded Geotechnical Compaction Report” on various lots within Tract 20298. The first is dated February 22, 2021, and covers lots 46-57 and 70-93; the second is dated June 11, 2021 and covers lots 19-45, 58-69, 94-106, and Park Site lot A; and the third is dated April 29, 2022 and covers lots 1-18. All three reports were prepared by GeoSoils, Inc. of Lake Elsinore, California. The three reports conclude that the building pads appear to be suitable for their intended residential use, and that the recommendations contained in the reports should be appropriately implemented during remaining grading and construction.

It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations in the soil reports were adhered to during construction. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Seismic Information: The subject property is not located in a designated Earthquake Study Zone (Alquist-Priolo Earthquake Fault Zone) as determined by the State of California (via City of Ontario) and there are no known active faults crossing the site.

Environmental Concerns: We have reviewed a "Phase I and Limited Phase II Environmental Site Assessment" ("ESA") for Tentative Tract 20298, prepared by GeoSoils, Inc. of Corona, California, and dated August 4, 2020. The ESA notes various findings and conclusions, including the site previously being utilized for agricultural purposes from 1938-2012, but ultimately concluded that there was no evidence of recognized environmental conditions in connection with the subject site. However, we are not experts in environmental issues, and we refer the reader to the ESA if additional information is needed.

It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property. This is suggested by construction of homes on the site and City inspectors on site during construction.

Methane Reports: We have not reviewed any Methane Reports for the subject property. It is an assumption of this report that there are no methane issues which would slow or thwart development of the subject property and that all mitigation measures as stated in the reports were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 06071C8639J dated September 2, 2016, Zone 1 is shown as being in Zone X with "0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile."

Easements and Encumbrances: We have reviewed a Preliminary Title Report prepared by FNTG Builder Services, that covers Zone 1 of the subject property. Report 00112368-996-SD1-RT4 dated March 10, 2021, covers Tract Map 20298. The report notes the following exceptions:

Item Nos. A, B, C and D refer to property taxes and the Special Tax Assessment for CFD 32 (services CFD). Item No. 1 pertains to water rights. Item No. 2 pertains to a development agreement with amendments recorded on the site. Item No. 3 refers to the rights of

access from La Avenida Drive. Item No. 4 refers to recitals as shown on Tract Map 18419 stating the site is reserved for a Lot Z for school site purposes by the Ontario Montclair School District. This appears to be an error as the school site was moved to the adjoining property per The Avenue Specific Plan amendment dated November 17, 2020. Item Nos. 5, 6, 7, 9 and 10 were intentionally omitted. Item No. 8 pertains to an assignment of the development agreement.

While the exceptions appear typical for subject-type lands, it is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 56 and the noted CFD No. 32. The appraisers are not title experts, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

Utilities: All normal utilities are available to serve the subject site by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	City of Ontario
Schools:	Mountain View District and Chaffey Joint Union High School District

Immediate Surroundings: Zone 1 is surrounded by existing residential homes to the north, east, and south, and a vacant parcel to the east. The vacant parcel is a future school site per the Avenue Specific Plan's land use map. Further north past the existing residential homes and Schaefer Avenue is a SoCal Edison easement, before more residential lands continue. Further west of Zone 1 past existing residential lands and on the west side of Archibald Street are agricultural lands. Additional agricultural lands (what appears to be dairy farms) are present southeast of Zone 1 as well, at the northwest corner of Ontario Ranch Road and Turner Avenue. The existing residential largely surrounding Zone 1 are previous phases of the Ontario Ranch master plans, including New Haven by Brookfield, and Landmark by Lennar.

Streets/Access: Access to the subject property is convenient via both SR-60 and I-15. From SR-60, exit Archibald Avenue and head south two miles to La Avenida Drive (one street north of Ontario Ranch Road). From Archibald, head east on La Avenida Drive for one quarter mile, then north on Manitoba Place. Cambridge Court is located at the northeast corner of La Avenida Drive and Manitoba Place, with the entrance to the subject via Manitoba Place. Access from SR-60 is also convenient via the Haven Avenue offramp, two miles south to Ontario Ranch Road, and west to Broadway Avenue. Broadway Avenue turns into Manitoba Road at La Avenida Drive. From I-15,

exit Ontario Ranch Road and head west just over two miles to Broadway Avenue/Manitoba Place. The Cambridge Court models are located on E. Merritt Paseo, off Manitoba Place.

SR-60 (2.0 miles north of the subject) provides east/west access from downtown Los Angeles to the city of Beaumont. The subject sits between Archibald Avenue and Haven Avenue on/offramps.

I-15 (2.1 miles east of the subject) is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

I-10 (4.5 miles north of the subject) is a major east/west freeway in San Bernardino across Los Angeles and San Bernardino Counties. I-10 provides access to Los Angeles to the west and through San Bernardino County and Riverside County to Arizona to the east. I-10 is an interstate providing a southern route across the U.S. to Florida.

Archibald Avenue has on/off ramps at SR-60 and provides access into north Ontario and down into Eastvale. Archibald Avenue's northern terminus is at the Ontario International Airport, approximately 3.5 miles north of the subject.

Ontario Ranch Road has on/off ramps to I-15 and is known as Cantu-Galleano Ranch Road east of Hamner Avenue. It is the main access into the newly emerging community of Ontario Ranch. Currently Ontario Ranch Road becomes Edison Road west of Ontario Ranch.

Haven Avenue has on/off ramps at both SR-60 and I-10 and provides access to the north into Rancho Cucamonga, and south into Eastvale. Haven Avenue becomes Sumner Avenue at Edison Avenue, just north of the San Bernardino/Riverside County line (south of Cambridge Court).

La Avenida Drive is a smaller local east/west arterial that provides access through The Avenue Specific Plan. La Avenida Drive begins at Archibald Avenue and turns into New Haven Drive 0.75 miles later, before crossing Ontario Ranch Road and terminating at Edison Avenue.

Manitoba Place/Broadway Avenue is a small local north/south neighborhood arterial that also provides access through The Avenue Specific Plan. Broadway Avenue starts at Ontario Ranch Road and heads north, where it turns into Manitoba Place at a roundabout after intersecting with La Avenida Drive. Manitoba Place terminates at a neighborhood cul-de-sac just north of Cambridge Court. La Avenida Drive begins at Archibald Avenue and turns into New Haven Drive

0.75 miles later, before crossing Ontario Ranch Road and terminating at Edison Avenue.

Internal streets within Cambridge Court include E. Halton Privado, E. Merritt Paseo, E. Duncan Paseo, S. Cranbrook Privado, Calgary Street, E. Cranbrook Paseo, E. Halton Privado and S. Halton Paseo.

Current Condition: The subject has been developed into 106 single-family detached lots containing a minimum of 3,700 square feet. Upon our inspection, 77 of the homes were over 95 percent complete including 62 individually owned homes, three model homes, and 12 additional production homes owned by the builder (all 12 in escrow). In addition, there were 22 homes under construction (less than 95 percent complete with 19 in escrow) and seven finished lots.

Cost to Complete: Residential lands in the area are typically sold on a "finished lot" basis. That is, builders pay a finished lot price less the remaining development costs that will need to be expended to arrive at a "finished lot." Per Woodside representatives, the lots are in a finished lot condition with no remaining land development costs and all land development fees have been paid. Per our inspection the final lift of the streets had not been completed and water quality management was still underway. We have included a contingency of $150,000 for these purposes. The homeowners are not responsible for any of the remaining costs; thus, they fall to the builder-owned property only.

There are a total of 106 proposed houses within Cambridge Court by Woodside with 62 having closed to individuals leaving 44 lots under builder ownership. Dividing the remaining costs of $150,000 by the 44 lots equates to $3,409.09 in remaining land development costs per lot. These costs will be taken into account in the valuation section, later within this report.

Homeowner's Association: Per builder representatives, the Cambridge Court HOA fees are $106.50 per month at buildout. It is assumed that the HOA maintains the community park, internal streets, and common area landscaping.

Improvement Description: Cambridge Court by Woodside Homes includes three detached two-story floorplans ranging in size from 1,951 to 2,365 square feet. Exteriors feature Spanish, California-Ranch, and Bungalow-influenced architecture. There are three model homes, located at the E. Merritt Paseo entrance off Manitoba Place. Cambridge Court floorplans offer three to five bedrooms (with loft/bedroom variation options) and attached two bay garages. All floorplans at Cambridge Court offer open concept living with eat-in kitchens open to great rooms, second floor laundry rooms, as well as owner's suites with

separate tub and showers, dual sinks, and walk in closets. Homes at Cambridge Court offer ceramic floors at entryways, kitchens, and bathrooms; two-panel interior doors; ceiling fan prewiring (at primary bedroom and great room); convenient “drop zones” with USB charging stations; LED lighting throughout; and gas stubs for barbeques in backyards. Homes are also equipped with video doorbells, high efficiency tankless water heaters, dual glazed-low E windows, and PEX plumbing lines. Woodside also advertises that homes include a high-quality inline kitchen water filtration system as well as an innovative solar program. Kitchens at Cambridge Court feature GE stainless steel appliances, slab-granite countertops, kitchen islands, walk in pantries, and maple cabinetry. Sixty-two of the 106 homes in the subject property have closed to individuals with closing dates between April 22, 2022, and June 6, 2023. Actual sales prices (including premium, upgrades, options, and incentives) within the subject have ranged from $650,000 to $847,059. Current base pricing ranges from $706,000 to $778,500. The builder is currently advertising a “Summer Move-In Ready Event” per their website, advertising for buyers to “receive up to $40,000 toward your new designer-curated home.” Per the sales data provided, incentives have ranged from $0 up to $100,494, with an average incentive on the closed homes of $31,246. It should be noted that the incentives averaged $8,605 per house between April 2022 and October 2022 (38 homes) and $56,678 per house since October 2022 (24 homes). Per Woodside representatives they are not offering interest rate buydowns at Cambridge Court. Our search of the MLS revealed no resales or current resale listings. Our physical search noted all homes appear to be in excellent condition. The houses which are over 95 percent complete are detailed below.

Cambridge Court by Woodside Homes					
Floor Plan	Bed/ Bath	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Plan 1	3 / 3	2 / 2	1,951	17	5*
Plan 2	4 / 3	2 / 2	2,043	16	7*
Plan 3	5 / 3	2 / 2	2,365	29	3*
Total				**62**	**15**

*Each asterisk designates one model home per that plan. In addition to the above there are 22 homes under construction and 7 additional finished lots.

NUVO Parkside by The New Home Company

(Portion of Zone 2 of Ontario CFD No. 56)



Location:	Northwest corner of Archibald Avenue and Eucalyptus Place, Ontario Ranch, Ontario, California.
Legal Property Description:	Lots 2-4 of Tract Map No. 20316.
Property Owner:	NUVO Parkside: Individual Owners as Units 1-16 of Lot 3; Units 1-2, 4-50, 59-98, 107-122, 149-188 of Lot 4 of Tract 20316; New Home Company as to Units 1-6, 17 of Lot 2; Units 17-42 of Lot 3; Units 3, 51-54, 99-106, 123-130, 144-148, 189-220 of Lot 4 of Tract 20316; Arroyo Cap II-1 as to Units 7-16, 18-41 of Lot 2; Units 55-58 and 131-143 of Lot 4 of Tract 20316.
Assessors Parcel Nos.:	0218-063-08 thru 14; 16 thru 20; 22 thru 24; 25 thru 29; 31 thru 40; 42 thru 52. 0218-073-09 thru 16; 18 thru 25; 27 thru 34; 36 thru 45; 47 thru 56; 58 thru 67; 69 thru 76; 78 thru 85 and 87 thru 94. 0218-074-01 thru 08; 10 thru 17; 19 thru 26; 28 thru 33; 35 thru 40; 42 thru 47; 0218-983-01 thru 07; 09 thru 19; 28 thru 25; 27 thru 34; 36 thru 42; 45 thru 54 and 58 thru 59. 0218-984-01 thru 08; 10 thru 13; 14 thru 21 and 23 thru 30. 0218-985-01 thru 06; 08 thru 15; 17 thru 24;

28 thru 36; 37 thru 46; 48 thru 53; 55 thru 58; 60 thru 64 and 67 thru 74.

Property Taxes: We were unable to find a sample property tax bill for an improved property within NUVO Parkside that showed the site as improved with an existing house on site. This appraisal assumes the tax rate is similar to surrounding-like communities and will be under 2%.

Three-Year Sales History: Arroyo Cap II-1, LLC purchased Lots 2-4 of Tract 20316 from Lewis on June 16, 2021, for $18,078,732 per seller. The New Home Company began taking down phases of units from Arroyo Cap II-1 in November of 2021. As of August 7, 2023, the New Home Company has completed eight takedowns of units from Arroyo Cap II-1 for a total of 252 units transferred, with four proposed phases/takedowns covering the remaining 51 units left. The New Home Company began selling homes at NUVO Parkside in April of 2022.The New Home Company has closed 161 units to individual home buyers between September 29, 2022, and July 28, 2023.

Size and Shape: The subject property (consisting of Lots 2, 3 and 4) is irregular in shape, divided by internal streets (letter lots) and contains 18.423 acres per the recorded Tract Map 20316. It should be noted that internal streets and Lot A (houses the pool/clubhouse) are not included in the above net acres.

Zoning: Per the City of Ontario's General Plan (Land Use Plan LU-01) the site is designated as MDR or Medium Density Residential, which allows for 11.1-25.0 dwelling units per acre. Per the current City of Ontario Zoning Map, the site is shown as Specific Plan – Parkside (PSP03-002).

Specific Plan: Per Parkside Specific Plan (dated August 2006, amended June 2020), NUVO (the subject property) which is a portion of Zone 2 is designated as Planning Areas 2, 3, 4 and 23 (pool, clubhouse lot that is also known as Lot A). Planning Areas 2-4 are zoned Medium Density Residential, with a density of 11.1-25 du/acre per the Specific Plan, while Planning Area 23 is designated as Open Space. Per the Land Use Summary table included in the Specific Plan, Planning Areas 2, 3 and 4 (developable portion of NUVO) contain 18.66 net acres. Planning Area 2 contains 3.57 gross (2.66 net) acres and allows for 41 units; Planning Area 3 contains 3.06 gross (2.38 net) acres and allows for 42 units; Planning Area 4 contains 15.50 gross (13.62 net) acres and allows for 221 units. Planning Area 23 serves as the NUVO Parkside community park/amenity area and contains 1.90 gross (1.34 net) acres. The Specific Plan Land Use Map is pictured below, with all of Zone 2 (including NUVO and the vacant parcel)outlined in red with NUVO identified by blue stars.

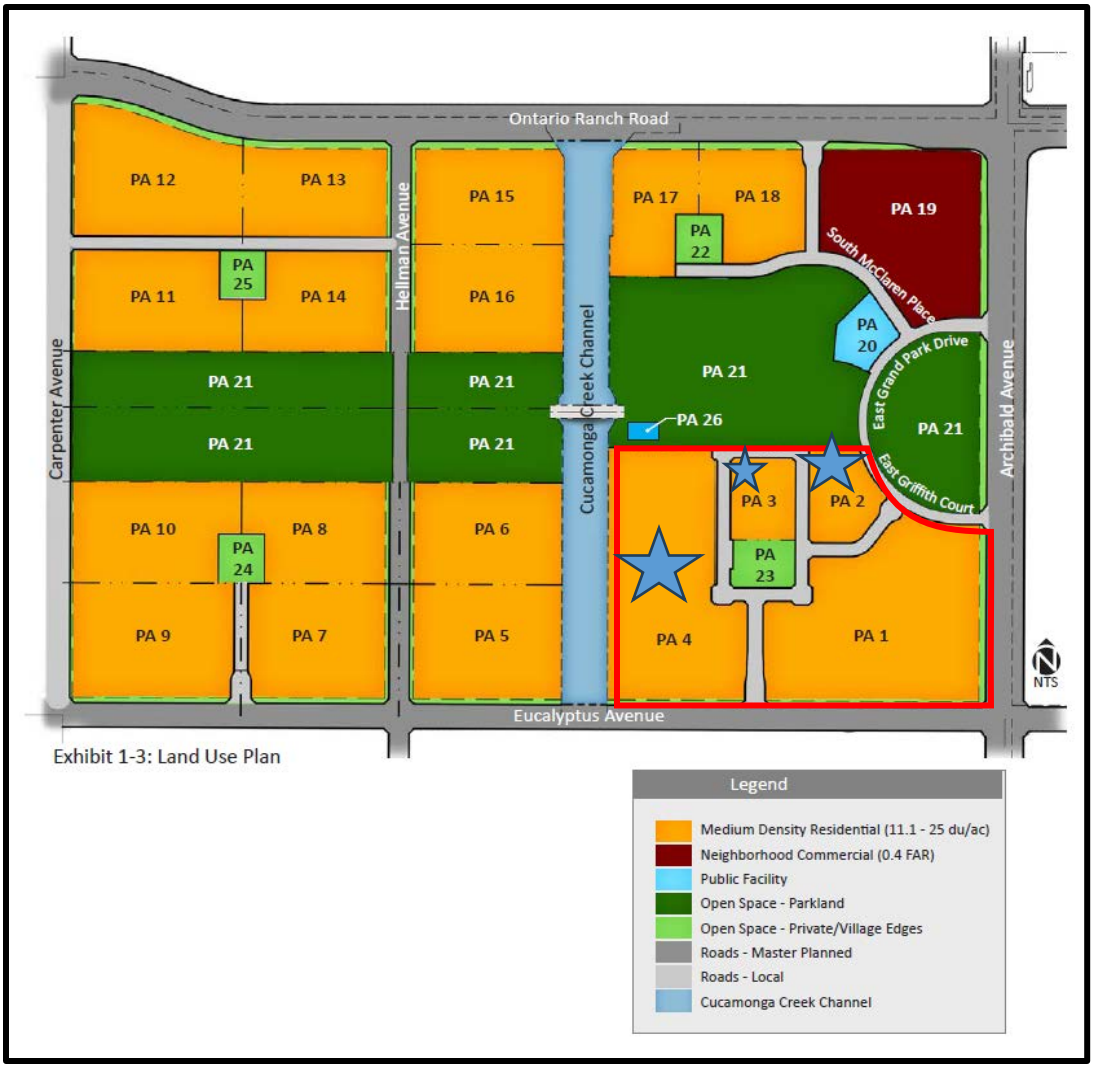


Exhibit 1-3: Land Use Plan

Entitlements: Tract Map No. 20316 encompasses Zone 2 of the subject property (covering all of NUVO Parkside and the adjacent parcel, as well as two park sites that fall outside of CFD No. 56 boundary lines). Tract Map 20316 which covers 55.847 gross acres and 51.192 net acres, was recorded on March 11, 2021, and divides Zone 2 and additional lands into four numbered and nine lettered lots. The nine-lettered lots include Planning Area 21, proposed for a regional park, and not included in this analysis.

The recorded tract map and subsequent condo maps allow for 303 single family detached lots for detached condominium units within NUVO Parkside (Lots 2-4 of Tract 20316). The acreage of Lots 2-4 is 18.66 net acres, which suggests a density of 16.23 du/acre for NUVO Parkside; however, this acreage is net of streets and the clubhouse/pool area. Per the Specific Plan, the total gross acres of this area are 24.03 acres which equates to a density of 12.6 dwelling units per acre. Please note, we have reviewed the Construction

Phasing Plans, but have not received or reviewed Condominium Plans (this appraisal assumes the Condominium Plans are consistent with the provided Construction Phasing Plans).

Topography: The topography is generally flat, and currently the subject property is at street level of the surrounding streets. The land has been developed into single-family detached lots. Drainage appears to be within an engineered street drainage system.

Soils Condition: We have reviewed the Final Geotechnical Report for Lot A (pool/clubhouse area) within Tract 20316 (the only soils reports received to review). The final geotechnical report for Lot A summarized their observation during rough grading and concluded that the rough grading was completed in substantial conformance with the plans and specifications and gives recommendations for construction on the site. It should be noted that the appraiser is not an expert in soil matters and if questions arise, a review of the report should be completed.

It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations in the soil reports were adhered to during construction. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Seismic Information: The subject property is not located in a designated Earthquake Study Zone (Alquist-Priolo Earthquake Fault Zone) as determined by the State of California (via City of Ontario) and there are no known active faults crossing the site.

Environmental Concerns: We have not received an environmental report to review. It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property. This is suggested by construction of homes on the site and City inspectors on site during construction.

Methane Reports: We have not reviewed any Methane Reports for the subject property. It is an assumption in this report that there are no methane issues which would slow or thwart development of the subject property and that all mitigation measures as stated in the reports were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 0671C9375H dated August 28, 2008, Zone 2 is shown as being in Zone X with “Area with Reduced Flood Risk due to Levee.”

Easements and

Encumbrances: We have reviewed a Preliminary Title Report prepared by FNTG Builder Services, that covers a portion of Zone 2 of the subject property. Report 6637590-7 (mwhp) dated June 23, 2023, covers a portion of NUVO Parkside (portion of Lots 2-4 of Tract Map 20316). The report notes the following exceptions:

Item Nos. 1 through 4 pertains to property taxes including the special tax of CFD No. 56 (subject CFD). Item Nos. 5, 8, 9, 13 and 14 refer to easements for public utilities. Item No 6 is in regard to the development agreement recorded on the site. Item No. 7 pertains to the Development Impact Fee Credit Agreement. Item No. 10 refers to the Agreement Water Quality Management Plan and Stormwater BMP Transfer, access, and maintenance. Item No. 11 refers to a deed of trust recorded on the property. Item Nos. 12 and 15 pertain to CC & Rs recorded on the site. Item No. 16 refers to a memorandum of Option Agreement. Item No. 17 is in regard to the Declaration of Dispute Resolution Procedures for NUVO Parkside. Item No. 18 pertains to water rights and Item No. 19 refers to the rights of parties in possession. Item No. 20 states items the Title Company will need in order to issue title insurance on the site.

While the exceptions appear typical for subject-type lands, it is an assumption in this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 56 and the noted easements. The appraisers are not title experts, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

Utilities: All normal utilities are available to serve the subject site by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	City of Ontario
Schools:	Mountain View District and Chaffey Joint Union High School District

Immediate Surroundings: Zone 2 is largely surrounded by vacant lands. To the north, is vacant (part of the Parkside Specific Plan and planned for future residential, park, and neighborhood commercial); to the east is the Cucamonga Creek Channel past which is additional vacant lands currently being utilized for farming (also included in the Parkside Specific Plan and planned for future residential and parks); to the south is a vacant parcel to the southeast and newer homes to the southwest, known as part of the Shadetree community by Landsea; to the east is Lot 1 of Tract Map 20316 (Vacant Parcel described below) then Archibald Avenue past which is vacant land which appears to be being utilized

as dairy farms. Southwest of Zone 2 (west of Shadetree) are several large industrial buildings and distribution centers.

Streets/Access: Access to the subject property is convenient via both SR-60 and I-15. From SR-60, exit Archibald Avenue and head south two and three-quarter miles to Eucalyptus Avenue. From Archibald, head west on Eucalyptus Avenue for one quarter mile, then north on Millenium Paseo. Zone 2 is located at the northwest corner of Archibald Avenue and Eucalyptus Avenue, with Lot 1 (vacant parcel) to the east of the Millenium Paseo entrance, and Lots 2-4 (NUVO Parkside) to the north, northeast, and west of Millenium Paseo. From I-15, exit Ontario Ranch Road and head west just over two and one-half miles to Archibald Avenue, then south to Eucalyptus. The NUVO Parkside models are located on Hyde Paseo, just west of the Millenium Paseo main entrance.

SR-60 (2.6 miles north of the subject) provides east/west access from downtown Los Angeles to the city of Beaumont. The subject sits between Archibald Avenue and Haven Avenue on/offramps.

I-15 (2.7 miles east of the subject) is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

I-10 (5.1 miles north of the subject) is a major east/west freeway in San Bernardino across Los Angeles and San Bernardino Counties. I-10 provides access to Los Angeles to the west and through San Bernardino County and Riverside County to Arizona to the east. I-10 is an interstate providing a southern route across the U.S. to Florida.

Archibald Avenue has on/off ramps at SR-60 and provides access into north Ontario and down into Eastvale. Archibald Avenue's northern terminus is at the Ontario International Airport, approximately 3.8 miles north of the subject.

Ontario Ranch Road has on/off ramps to I-15 and is known as Cantu-Galleano Ranch Road east of Hamner Avenue. It is the main access into the newly emerging community of Ontario Ranch. Currently Ontario Ranch Road becomes Edison Road west of Ontario Ranch.

Eucalyptus Avenue is a smaller east/west arterial that beings at Chaffey College's Chino Campus in Chino, approximately 4.5 miles west of Zone 2, and terminates at Hamner Avenue, approximately 2.3 miles east of the subject in Lennar's Esperanza residential community.

Internal streets within Zone 2 include: Millenium Paseo, Encanto Paseo, Hyde Paseo, Grant Paseo, Bryant Paseo, Forsyth Paseo, Stanley Paseo, Fairmont Paseo, Forbes Paseo, and Griffin Court.

Current Condition: The subject has been developed into 303 single-family detached condo lots, largely arranged in motor court configurations. Upon our inspection, 191 of the homes were over 95 percent complete including 161 individually owned homes, nine model homes, and 22 additional production homes owned by the builder (21 in escrow). In addition, there were 80 homes under construction (less than 95 percent complete and 32 in escrow) and 32 finished lots.

Cost to Complete: Residential lands in the area are typically sold on a "finished lot" basis. That is, builders pay a finished lot price less the remaining development costs that will need to be expended to arrive at a "finished lot." Per New Home Company representatives, there are $2,800,000 in remaining land development costs and no remaining land development fees to be paid. The homeowners are not responsible for any of the remaining costs; thus, they fall to the builder-owned property only.

There are a total of 303 proposed residential units within NUVO Parkside with 161 having closed to individuals leaving 142 lots under builder or land bank ownership. Dividing the remaining costs of $2,800,000 by the 142 lots equates to $19,718.31 in remaining land development costs per lot. These costs will be taken into account in the valuation section, later within this report.

Homeowner's Association: Per builder representatives, the NUVO Parkside HOA fees are $197 per month at buildout. It is assumed that the HOA maintains the community park and amenity area, internal streets, and common area landscaping.

Improvement Description: NUVO Parkside by the New Home Company includes four product lines ranging from 1,044 to 1,820 square feet, all of which are detached. Lincoln is the smallest product with two bedrooms and includes two stories with mostly single car garages (one plan includes a two-car garage). Hyde includes three-story floorplans with the majority having two car garages, and two to four bedrooms. Bryant is a two-story product with three bedrooms and two car garages. Lastly, Grant is the largest product with three to four bedrooms, two-stories, and two-car garages. detached two-story floorplans ranging in size from 1,951 to 2,365 square feet. Per the New Home Company, the Hyde and Bryant products are still actively selling while the Lincoln and Grant product lines are sold out. Exteriors feature Mediterranean, Contemporary, and Farmhouse-influenced architecture. There are a total of ten model homes left

(there were a total of 15 when all four product lines were actively selling, but some have sold and closed to individual homebuyers), all located off Hyde Paseo near the Millenium Paseo grand entrance to the community. NUVO floorplans offer two four bedrooms (with lofts at select plans and with a garage/bedroom variation option at one of the Bryant floorplans) and attached one to two bay garages. All floorplans offer open concept living with eat-in kitchens open to great rooms, second (or third) floor laundry closets, as well as owner's suites with dual sinks and walk in closets. Homes at NUVO offer vinyl plank flooring at entry, kitchens, and bathrooms; two-panel interior doors; and LED lighting. Homes are also equipped with the "EVO Package," which includes wi-fi garage door opener, Kwikset Halo Front Door Smart Lock, and Honeywell Smart Thermostat Kitchens at NUVO include white shaker style thermofoil cabinets, GE stainless steel appliances, single bowl stainless steel sinks with Moen pull-out faucets, and granite or quartz countertops. One hundred and sixty-one of the 303 homes in the subject property have closed to individuals with closing dates between September 29, 2022, and July 28, 2023. Actual sales prices (including premium, upgrades, options, and all incentives) within the subject have ranged from $474,990 to $698,610. Current (or most recent for closed out product) base pricing ranges from $485,000 to $636,000. Per the sales data provided, total incentives (including option, sales, and mortgage incentives) have ranged from $0 up to $100,840, with an average incentive on the sold homes of $24,187. Our search of the MLS revealed no resales or current resale listings. Our physical search noted all homes appear to be in excellent condition. The houses which are over 95 percent complete are detailed below.

NUVO Parkside by The New Home Company					
Floor Plan	Bed/ Bath	Floors/ Pkng.	Sq. Ft.	Ind. Owned	Bldr. Owned
Lincoln Plan 1 ("L1")	2 / 2.5	2 / 1	1,082	21	0
Lincoln Plan 2 ("L2")	2 / 2.5	2 / 1	1,044	14	0
Lincoln Plan 2G ("L2G")	2 / 2.5	2 / 2	1,046	14	1
Hyde Plan 1 ("H1")	2 / 2.5	3 / 1	1,197	16	2*
Hyde Plan 2 ("H2")	3 / 2.5	3 / 2	1,550	8	1*
Hyde Plan 3 ("H3")	4 / 3.5	3 / 2	1,727	8	1*
Hyde Plan 4 ("H4")	4 / 3.5	3 / 2	1,809	8	1*
Bryant Plan 1/1X ("B1/1X")	3 / 2.5	2 / 2T	1,370	10	3*
Bryant Plan 2 ("B2")	3 / 2.5	2 / 2	1,536	10	3*
Bryant Plan 3 ("B3")	3 / 2.5	2 / 2	1,475	10	3*
Bryant Plan 4 ("B4")	3 / 2.5	2 / 2	1,675	4	1
Bryant Plan 4X ("B4X")	3 / 2.5	2 / 2	1,754	2	2*
Grant Plan 1 ("G1")	3 / 2.5	2 / 2	1,596-1,597	9	3
Grant Plan 2 ("G2")	4 / 2.5	2 / 2	1,648	18	6
Grant Plan 3 ("G3")	4 / 2.5	2 / 2	1,820-1,845	9	3
Total				**161**	**30**

*Each asterisk designates one model home per that plan. "T" denotes a tandem garage. In addition to the above there are 80 homes under construction and 32 additional finished lots.

Lot 1 of Tract 20316 - Vacant Parcel owned by Lewis

(Portion of Zone 2 of Ontario CFD No. 56)



Exhibit 1-3: Land Use Plan

*Blue Star represents Lot 1; Red Outline represents entire Zone 2

Location:	Northwest corner of Archibald Avenue and Eucalyptus Place, Ontario Ranch, Ontario, California.
Legal Property Description:	Lot 1 of Tract Map No. 20316.
Property Owner:	SC Ontario Development Company LLC, a related entity to Lewis.
Assessors Parcel Nos.:	0218-053-05-0000.
Property Taxes:	Per First American Title the 2023 property taxes for the vacant parcel are $47,049.44 based on an Assessed Value of $4,523,865

Three-Year Sales History: SC Ontario Development Company LLC has owned the parcel for more than 3 years.

Size and Shape: The subject property is irregular in shape and contains 14.603 acres per the recorded Tract Map No. 20316.

Zoning: Per the City of Ontario's General Plan (Land Use Plan LU-01) the site is designated as MDR or Medium Density Residential, which allows for 11.1-25.0 dwelling units per acre. Per the current City of Ontario Zoning Map, the site is shown as Specific Plan – Parkside (PSP03-002).

Specific Plan: Per Parkside Specific Plan (dated August 2006, amended June 2020), the Vacant Parcel is designated as Planning Area 1. Planning Areas 1-4 are all zoned Medium Density Residential, with a density of 11.1-25 du/acre per the Specific Plan. Per the Land Use Summary table included in the Specific Plan, Planning Area 1 (vacant parcel) is designated for "Green Court/Lane Loaded Products 1, 2 & 4," contains 19.97 gross (15.57 net acres (however per recorded Tract Map is actually 14.603 acres) and allows for 236 units. The Specific Plan Land Use Map is pictured above, with Zone 2 outlined in red and the blue star showing the Vacant Parcel.

Entitlements: Tract Map No. 20316 encompasses the entire Zone 2 of the subject property (covering all of NUVO Parkside and the adjacent parcel, as well as two park sites that fall outside of CFD No. 56 boundary lines). Tract Map 20316 covers 55.847 gross acres and 51.192 net acres, was recorded on March 11, 2021, and divides Zone 2 and additional lands into four numbered and nine lettered lots. There is no further mapping on Lot 1 of Tract 20316

Topography: The topography is generally flat, and currently the subject property is at street level of the surrounding streets. The lands were mass graded with the surrounding lands (NUVO) and are fenced with natural growth. Drainage is not yet installed on the site. Future drainage is anticipated to be within a street drainage system.

Soils Condition: We have reviewed the Final Geotechnical Report for Lot A (pool area) within Tract 20316 (the only soils reports received to review). The final geotechnical report for Lot A summarized their observation during rough grading and concluded that the rough grading was completed in substantial conformance with the plans and specifications and gives recommendations for construction on the site. It should be noted that the appraiser is not an expert in soil matters and if questions arise, a review of the report should be completed.

It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations in the soil reports were adhered to during construction. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Seismic Information: The subject property is not located in a designated Earthquake Study Zone (Alquist-Priolo Earthquake Fault Zone) as determined by the State of California (via City of Ontario) and there are no known active faults crossing the site.

Environmental Concerns: We have not received any environmental reports to review. It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property. This is suggested by construction of homes on the site and City inspectors on site during construction.

Methane Reports: We have not reviewed any Methane Reports for the subject property. It is an assumption of this report that there are no methane issues which would slow or thwart development of the subject property and that all mitigation measures as stated in the reports were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 0671C9375H dated August 28, 2008, Zone 2 is shown as being in Zone X with "Area with Reduced Flood Risk due to Levee."

Easements and Encumbrances: We have not received a Preliminary Title Report on the Vacant Parcel. It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 56.

Utilities: All normal utilities are available to serve the subject site by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	City of Ontario
Schools:	Mountain View District and Chaffey Joint Union High School District

Immediate Surroundings: Lot 1 of Zone 2 is surrounded by vacant lands to the east (across Archibald, a vacant parcel along with the community of Shade Tree by Landsea Homes to the south (beyond Eucalyptus); NUVO Parkside to the west and northwest and a future park site to the north.

Streets/Access: Access to the subject property is convenient via both SR-60 and I-15. From SR-60, exit Archibald Avenue and head south two and three-quarter miles to Eucalyptus Avenue. From Archibald, head west on Eucalyptus Avenue for one quarter mile, then north on Millenium Paseo. Zone 2 is located at the northwest corner of Archibald Avenue and Eucalyptus Avenue, with Lot 1 (vacant parcel) to the east of the Millenium Paseo entrance, and Lots 2-4 (NUVO Parkside) to the north, northeast, and west of Millenium Paseo. From I-15, exit Ontario Ranch Road and head west just over two and one-half miles to Archibald Avenue, then south to Eucalyptus. The NUVO Parkside models are located on Hyde Paseo, just west of the Millenium Paseo main entrance.

SR-60 (2.6 miles north of the subject) provides east/west access from downtown Los Angeles to the city of Beaumont. The subject sits between the Archibald Avenue and Haven Avenue on/offramps.

I-15 (2.7 miles east of the subject) is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

I-10 (5.1 miles north of the subject) is a major east/west freeway in San Bernardino across Los Angeles and San Bernardino Counties. I-10 provides access to Los Angeles to the west and through San Bernardino County and Riverside County to Arizona to the east. I-10 is an interstate providing a southern route across the U.S. to Florida.

Archibald Avenue has on/off ramps at SR-60 and provides access into north Ontario and down into Eastvale. Archibald Avenue's northern terminus is at the Ontario International Airport, approximately 3.8 miles north of the subject.

Ontario Ranch Road has on/off ramps to I-15 and is known as Cantu-Galleano Ranch Road east of Hamner Avenue. It is the main access into the newly emerging community of Ontario Ranch. Currently Ontario Ranch Road becomes Edison Road west of Ontario Ranch.

Eucalyptus Avenue is a smaller east/west arterial that beings at Chaffey College's Chino Campus in Chino, approximately 4.5 miles west of Zone 2, and terminates at Hamner Avenue, approximately 2.3 miles east of the subject in Lennar's Esperanza residential community.

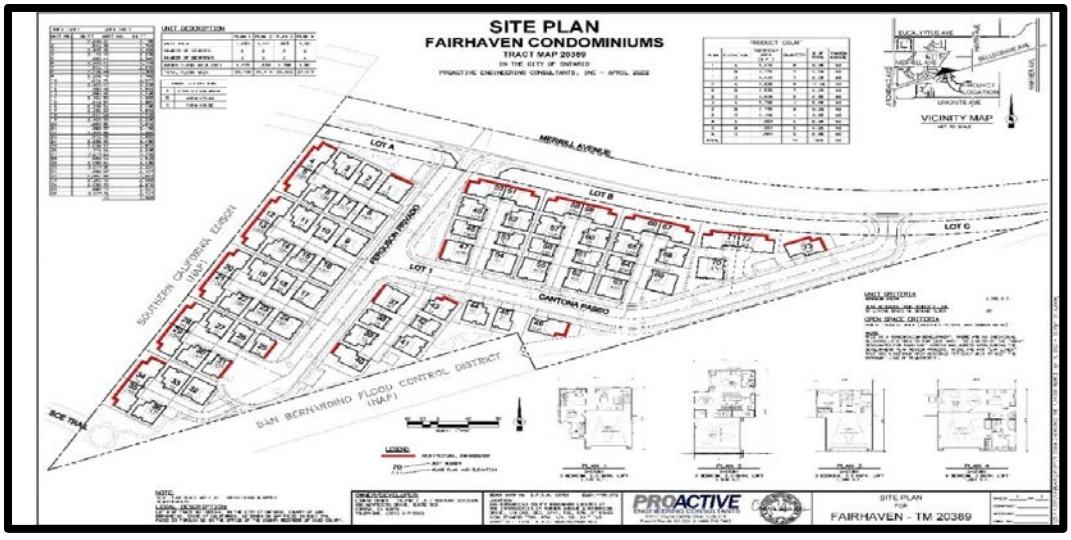
Current Condition: The subject has been mass graded into a generally superpad condition with utilities in surrounding streets. There is natural growth on the site which will need to be scraped prior to development.

Cost to Complete: Residential lands in the area are typically sold on a "finished lot" basis. That is, builders pay a finished lot price less the remaining development costs that will need to be expended to arrive at a "finished lot." Per Lewis representatives, the land development costs for the site are estimated at $11,000,000 while the land development fees are estimated at $7,800,000 for a total land development estimate of $18,800,000. Note: the appraiser is not an expert in cost estimating and is relying on these costs as provided by Lewis. It is an extraordinary assumption of this report that the reported costs are true and accurate.

The subject lots have not been mapped at this time. We have added a contingency of $1,500 per lot for soft costs of mapping for a total of $350,000 along with a time period estimate of 18 months to get the map processed through the City of Ontario.

Fairhaven at Park Place by Lennar

(Zone 3 of Ontario CFD No. 56)



Location: Southwest corner of Merrill Avenue and Remington Avenue, Ontario Ranch, Ontario, California.

Legal Property Description: Units 1-73 of Modules 1-8 of Lot 1 of Tract Map No. 20389 and subsequent Condominium Plan.

Property Owner: Individual Owner as Lot 63 of Tract 20389; Lennar Homes of California, LLC as to Lots 1-62 and 64-73 of Tract 20389.

Assessors Parcel Nos.: 1073-411-02-0000 thru 1073-411-74-0000.

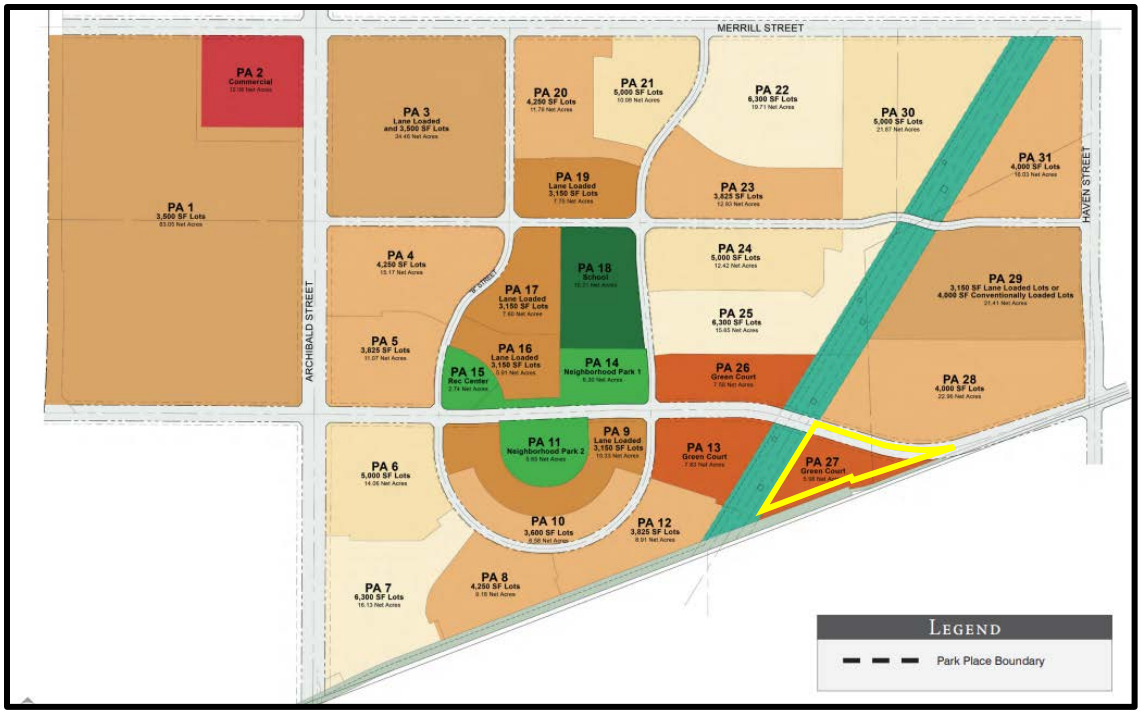
Property Taxes: We were not able to review a sample Fairhaven at Park Place tax bill. Per the San Bernardino County Tax Collector's website, the parcels have not been subdivided at this time. Per Lennar's website, the approximate tax rate at Fairhaven is expected to be 1.8 percent. It is an assumption of this report that the overall tax rate is under 2.0 percent.

Three-Year Sales History: Lennar Homes of California, LLC ("Lennar") purchased Tract 20389 from SL Ontario Development Company, LLC (dba "Lewis") on August 12, 2021, for $7,076,287 per public record. This equivalates to a per lot price of $96,935.44 and was based off a finished lot value of $200,000 per representatives of the builder. Lennar began selling homes at Fairhaven in January of 2023. An Individual homebuyer has closed on one home between the project opening and the date of value, August 7, 2023, with an additional 32 proposed homes in escrow which are due to close upon completion.

Size and Shape: The subject property is roughly triangular shaped and contains an estimated 6.51 gross acres and 3.64 net acres per recorded Tract Map No. 20389 with the difference being internal streets and setback areas.

Zoning: Per the City of Ontario's General Plan (Land Use Plan LU-01) the site is designated as LDR or Low Density Residential, which allows for 2.1 to 5.0 dwelling units per acre. Per the current City of Ontario Zoning Map, the site is shown as Specific Plan – Subarea 29 (PSP03-003).

Specific Plan: Per the Subarea 29 Specific Plan (dated October 2006, amended April 2015), Zone 3 is designated as Planning Area 27 and is designated as "Cluster Homes (7-14 du/acre)." Per the Land Use Summary table included in the Specific Plan, Planning Area 27 is planned for 47 cluster homes with a minimum size of 2,100 square foot lots. We received a copy of the 2021 Amendment (not located on City web site) that shows the total dwelling units for Planning Area 27 changed to 73. The Specific Plan Land Use Map is pictured on the following page, with Zone 3 outlined in yellow.



Entitlements: Tract Map No. 20389 encompasses Zone 3 of the subject property (covering all of Fairhaven at Park Place). Tract Map 20389 covers 6.51 gross acres and 3.64 net acres, with the difference being internal streets and setback areas. It was recorded on October 11, 2022, and divides Zone 3 into one numbered lot. A Condominium Plan recorded April 3, 2023, divides the one lot into eight numbered Modules, and the eight modules are further divided into 73 units.

The recorded tract map and condominium map allow for 73 units on the total 6.51 acres resulting in an overall density of 11.2 dwelling units per acre which is within the Specific Plan's Planning Area 27 density range of 7-14 du/acre.

Topography: The topography is generally flat, and currently the subject property is at street level of the surrounding streets. The land has been developed into single-family detached lots. Drainage appears to be within an engineered street drainage system.

Soils Condition: We have reviewed the Geotechnical Report of Observation and Testing during rough grading of Tract 18913-5 (Planning Area 27 – the subject property). The report was prepared by Leighton and Associates, Inc., and dated August 28, 2019. The report summarizes the geotechnical conditions and provides recommendations for the construction. The report concluded that it is their opinion that rough grading was performed in general accordance with the recommendations presented in the geotechnical reports and their field recommendations. They state that post grading methane testing

should be completed and that additional geotechnical services should be provided as construction within the tract proceeds. We did not receive any later geotechnical reports to review.

It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations in the soil reports were adhered to during construction. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Seismic Information: The subject property is not located in a designated Earthquake Study Zone (Alquist-Priolo Earthquake Fault Zone) as determined by the State of California (via City of Ontario) and there are no known active faults crossing the site.

Environmental Concerns: We have reviewed both the Draft Environmental Impact Report and the Final Environmental Impact Report for all of Subarea 29 which includes Zone 3. There were no known areas of controversy which came to light as a result of the process of preparing the Draft EIR. not received any environmental reports to review. There was one unresolved issue which included the transition of Edison Avenue to Cantu Galleano Ranch Road which has since been resolved. The Final EIR was approved in October 2006. Please note that the appraiser is not an expert in environmental issues, and we refer the reader to the EIR and subsequent environmental reports if additional information is needed.

It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property. This is suggested by construction of homes on the site and City inspectors on site during construction.

Methane Reports: We have reviewed a Preliminary Methane survey for Subarea 29 which includes the subject Zone 3. The report concluded that based on the analytical results, the methane does not appear to pose a risk of accumulation to hazardous levels at the site. However, they recommend post grading methane testing in certain areas which were within, or adjacent to, former dairy stockyards and pond areas. We did not receive any further methane reports to review. It is an assumption of this report that there are no methane issues which would slow or thwart development of the subject property and that all mitigation measures as stated in the reports were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 06071C9375H dated August 28, 2008, Zone 3 is shown as being in Zone X, with the western half of the site showing

"Area with Reduced Flood Risk due to Levee," and the eastern half of the site showing "Area determined to be outside the 0.2% annual chance floodplain."

Easements and Encumbrances: We have reviewed a Preliminary Title Report prepared by Lennar Title, that covers Zone 3 of the subject property. Report 192002-001357 dated July 5, 2022, covers Tract Map 20389. The report notes the following exceptions:

Item Nos. 1 through 6 pertains to property taxes and special assessments including CFD No. 23 which is for Park Place Services. Item No. 7 states that matters, rights, or boundary discrepancies that may exist or be disclosed by a record of survey which was completed. Item Nos. 8, 9 and 21 refer to easements for public utilities and drainage purposes. Item No. 10 is in regard to a development agreement. Item Nos. 11 through 16 have been intentionally deleted. Item No. 17 is in regard to a memorandum of agreement between Lennar homes and SL Ontario Development Company (seller of property to Lennar). Item No. 18 states there is a deed of trust on the property with no amount shown. Item No. 19 relates to CC & Rs recorded on the site. Item No. 20 is in regard to Ontario CFD No. 56. Item No. 22 states no known matter otherwise appropriate to be shown have been deleted from the report.

While the exceptions appear typical for subject-type lands, it is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 56 and the services CFD. The appraisers are not title experts, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

Utilities: All normal utilities are available to serve the subject site by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	City of Ontario
Schools:	Mountain View District and Chaffey Joint Union High School District

Immediate Surroundings: Zone 3 is surrounded by existing residential homes to the north, east, and south, and SoCal Edison easement to the east, beyond which is additional existing homes. The SoCal Easement runs northeast/southwest and continues above and below Fairhaven. There is a drainage channel adjacent to the south side of Zone 3. The existing homes to the north of Zone 3 (on the other side of Merrill Avenue) is Lennar's Parklane community, which was recently built but is now sold and closed out. Southeast of Fairhaven is Orchard

Park, a large public park in Eastvale featuring softball fields, volleyball courts, a skatepark, large grass fields, and barbeque areas, walking paths and play structures. Remington Avenue (adjacent south of Zone 3) serves as the county boundary line between San Bernardino County (north) and Riverside County (south). The boundary line continues up Bellegrave Avenue east of Fairhaven. Northeast of Zone 3 on the northeast corner of Bellegrave and Sumner Avenue are agricultural lands.

Streets/Access: Access to the subject property is convenient via both SR-60 and I-15. From SR-60, exit Haven Avenue and head south just over three miles (Haven turns into Sumner) to Bellegrave Avenue/Merrill Avenue. Head west on Merrill Avenue and Fairhaven is located immediately south, with two entrances from Merrill Avenue via Ferguson Privado or Cantona Paseo. From I-15, exit Ontario Ranch Road and head west 1.5 miles to Haven/Sumner Avenue, then south 1.25 miles to Merrill Avenue. Access from I-15 is also convenient from the Limonite Avenue exit in Eastvale, west 1.5 miles to Sumner Avenue, and north one-half mile to Merrill Avenue. The Fairhaven models are located near Merrill Avenue at the Ferguson Privado entrance.

SR-60 (3.3 miles north of Fairhaven) provides east/west access from downtown Los Angeles to the city of Beaumont.

I-15 (1.8 miles east of Fairhaven) is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

I-10 (5.9 miles north of Fairhaven) is a major east/west freeway in San Bernardino across Los Angeles and San Bernardino Counties. I-10 provides access to Los Angeles to the west and through San Bernardino County and Riverside County to Arizona to the east. I-10 is an interstate providing a southern route across the U.S. to Florida.

Ontario Ranch Road has on/off ramps to I-15 and is known as Cantu-Galleano Ranch Road east of Hamner Avenue. It is the main access into the newly emerging community of Ontario Ranch. Currently Ontario Ranch Road becomes Edison Road west of Ontario Ranch.

Haven Avenue has on/off ramps at both SR-60 and I-10 and provides access to the north into Rancho Cucamonga, and south into Eastvale. Haven Avenue becomes Sumner Avenue at Edison Avenue, just north of the San Bernardino/Riverside County line (north of Fairhaven).

Bellegrave Avenue/Merrill Avenue is a northeasterly/southwesterly arterial that does not provide freeway access but runs from Riverside to Sumner Avenue where it forks into Merrill Avenue to the north and Remington Avenue to the south (which Fairhaven falls between).

Limonite Avenue has on/off ramps to I-15 and is a major east/west arterial throughout Eastvale, Jurupa Valley, and Riverside.

Internal streets within Fairhaven include: Cantona Paseo and Ferguson Privado.

Current Condition: The subject has been developed into 73 single-family condominiums, with the majority being detached but a few share a garage wall in a duplex formation. Upon our inspection, 24 of the homes were over 95 percent complete including one individually owned home, four model homes, and 19 additional production homes owned by the builder (18 in escrow). In addition, there were 26 homes under construction (less than 95 percent complete and 14 in escrow) and 23 finished lots.

Cost to Complete: Residential lands in the area are typically sold on a "finished lot" basis. That is, builders pay a finished lot price less the remaining development costs that will need to be expended to arrive at a "finished lot." Per Lennar representatives, there is $2,814,715 in remaining land development costs, including fees. The homeowners are not responsible for any of the remaining costs; thus, they fall to the builder-owned property only.

There are a total of 73 proposed residential units within the subject property and one has closed to an individual leaving 72 lots under builder ownership. Dividing the remaining costs of $2,814,715 by the 72 lots equates to $39,093.26 in remaining land development costs per lot. These costs will be taken into account in the valuation section, later within this report.

Homeowner's Association: Per builder representatives, the Fairhaven HOA fees are $221 per month at buildout. This includes $84 per month for the Fairhaven DSA, and $137 per month for the Park Place Master HOA. It is assumed that the HOA maintains the internal streets, common area landscaping, as well as the master Park Place amenities located north of Zone 3.

Improvement Description: Fairhaven at Park Place by Lennar includes four two- and three-story floorplans ranging in size from 1,450 to 1,805 square feet. The majority of the homes are detached; however, some Plan 2 homes are configured at the end of motorcourts where they share a garage wall in a duplex formation. Exteriors feature Spanish Colonial,

Andalusian, and Farmhouse architecture. There are four model homes, one of which is being utilized as the sales office, located on the Ferguson Privado entrance off of Merrill Avenue. Fairhaven floorplans offer three to four bedrooms (with lofts), and attached two bay garages. All floorplans at Fairhaven offer open concept living with eat-in kitchens open to great rooms, second (third) floor laundry rooms, as well as owner's suites with water closets, dual sinks, and walk in closets. Lennar advertises their "Everything's Included" option program, and includes Daltile ceramic floors at entryways, Shaw vinyl flooring at kitchens, dining rooms, laundry, and bathrooms; bullnose corners throughout; upgraded slat-style stair rail system; two-panel interior doors; ceiling fan prewiring (at all bedrooms, great room, and loft); RG-6 coaxial cable outlets in great room, owner's suite, and loft; and LED downlights at select locations. Homes are also equipped with Honeywell smart thermostats, high efficiency tankless water heaters, dual glazed-low E windows, and Boral cool roof tiles. Kitchens at Fairhaven feature GE stainless steel appliances, slab-granite, or quartz countertops with a choice of color, kitchen islands, walk in pantries, and a choice of white or grey thermofoil shaker panel cabinetry. One of the 73 homes in Zone 3 has closed to individuals with a closing date of August 7, 2023. Actual sales prices (including premium, upgrades, options, and incentives) within Zone 3 have ranged from $499,760 to $610,930. Current base pricing ranges from $590,990 to $629,990. Per the sales data provided, incentives have ranged from $0 up to $58,371, with an average incentive on the sold homes of $37,803. Our search of the MLS revealed no resales or current resale listings. Our physical search noted all homes appear to be in excellent condition. The houses which are over 95 percent complete are detailed below.

Fairhaven at Park Place by Lennar					
Floor Plan	Bed/ Bath	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Plan 1	3 / 2.5	2 / 2	1,450	0	5*
Plan 2	3 / 2.5	2 / 2	1,638	0	9*
Plan 3	3 / 3.5	3 / 2	1,785	0	4*
Plan 4	4 / 3	2 / 2	1,805	1	5*
Total				**1**	**23**

*Each asterisk designates one model home per that plan. In addition to the above there are 26 homes under construction and 23 additional finished lots.

THE INLAND EMPIRE HOUSING MARKET

In analyzing the area's housing market, population growth and economic conditions need to first be considered.

Population

The San Bernardino County population showed minimal 0.1 percent growth between January 2022 and January 2023, and an average of about two percent the previous 20 years. The stagnant growth during this time is thought to be due to the disruption during COVID. Prior to the COVID pandemic, predictions were for the County to grow at an average annual rate of 0.75 percent over the next eight years. This equates to an increase of approximately 20,000 residents per year suggesting the need for about 7,000 homes per year within the County. The COVID influence is still unknown on the County's population growth. Ontario population growth was significantly higher at 1.1 percent over the past year. New home sales in most cities in the County from 2020 were higher than the coastal communities due to affordability, the work from home factor, and the fact that millennials are finally entering the housing market. These factors may increase actual County population growth in 2023. This has been offset by minimal existing home sales resulting in less overall home sales over the past year as compared to one year ago and also as compared to 2019, before COVID.

Economic Conditions

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than that of other Southern California regions. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 was considerably steeper than almost anywhere in the State. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012 through January 2020. Once the COVID pandemic hit in March 2020, the economy entered what is now known as the COVID Recession. The housing market slowed down significantly early on, but by May 2020, new homes were going under contract and selling

at well above average absorption rates from May 2020 through Spring of 2022 in the region. Since May 2022, the new home market has seen a shake-up due to the increasing interest rates, the high prices of homes, and the high rate of inflation which is shaking consumer confidence, however this is partially offset by the extremely limited resale housing market which is fueling new home sales.

Economic growth in the Inland Empire was strong generally between 2015 (after the Great Recession), and until the economic shutdown due to COVID. The second half of 2020 and all of 2021 saw economic growth, however the first two quarters of 2022 saw GDP shrinking while the third and fourth quarters saw minimal growth with 2022's growth at 2.6 percent. The most recent unemployment rate for the County is 4.9 percent (per the July 2023 EDD report – most recent published), slightly higher than the County's pre-COVID unemployment rate in February 2020 of 3.7 percent. While unemployment rates are near historical lows, the inflation factor is significantly affecting the economy.

The housing market played a large role in the past two recessions. In the Great Recession, due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives, such as sub-prime and non-conventional mortgages, to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up because of the problems in the sub-prime and non-conventional mortgage markets, which played a role in the 2008 upheaval of Wall Street and contributed significantly to the U.S. economic downturn of the Great Recession. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years and essentially remained flat until mid-2012 when home prices began a steady climb.

During the COVID recession, new home sales were one of the brightest spots in both the local and national economies. While new home sales slowed in March and April 2020 due to the onset of the COVID pandemic, both sales and prices increased significantly throughout COVID until spring/summer 2022 when interest rate increases began affecting

the home-buying market. The rising interest rates alone did not seem to slow sales in Spring 2022. However, a combination of increasing home prices and falling consumer confidence, added to the significant interest rate increases slowed new home sales significantly in late 2022 and the beginning of 2023 and builders began lowering prices and offering incentives. During the summer of 2023 the Board paused the rate increases which appears to have brought buyers back with new home sales picking up once again and some builders slowly increasing base prices.

Per the Zonda National Economic and Housing Market Update in July 2023, the rate of growth of new home sales is off from 2021/2022 highs but up from pre-pandemic numbers, suggesting a healthy market. Per their survey of over 300 new-home builders nationally, the builders are stating sales are continuing but report they had to adjust pricing and incentives to "find the market." In the January 2023 survey, 50 percent of builders surveyed were lowering their prices and the remaining 50 percent stated their pricing was flat. In July, the survey resulted in 54 percent of the builders stating they are raising their prices and 46 percent of builders stating they were keeping prices flat or decreasing pricing. This is a very different dynamic which is partly due to seasonality, partly due to builder's readjusting concessions (interest rate buy-downs), and partly due to price changes. The larger public homebuilders are typically offering significant interest rate buy-downs in order to keep absorption rates steady, which is reportedly costing between $30,000 to $100,000 in incentives. The builders are attempting to find the "sweet spot" in incentives. Per Zonda a combination of price cuts of between 10-15 percent combined with a rate buy down obtained the best results in the marketplace in early 2023. While builders have been able to minimally increase base pricing, incentives appear to still be very relevant in the current market.

Home loan mortgage rates have been and are still playing a huge part in the housing market. The Board held mortgage rates at all-time lows after the Great Recession and again after the COVID Recession in an attempt to assist the housing market's recovery. Low rates helped home sales during this time. However, first-time buyers are now having a hard time entering the housing market due to rising prices and rising interest rates. Per

FRED, the average 30-year fixed mortgage has gone from 2.65 percent in January 2021 to 7.08 percent as in October 2022, with a decrease to 6.09 percent in February 2023 however increasing since then with current rates at 7.23 percent as of August 24, 2023. Mortgage applications had been spiking in late 2020 and 2021 due to the low rates and the fear rates were going to start ticking up, which began happening in March 2022. The Board has increased the rate eleven times in the past 18 months, which increased the FRR from 0-0.25 percent to 5.25-5.50 percent. While the Board paused the increases in June, in late July there was the last increase of 0.25 percent with most economists agreeing there may be another increase later in the year. The FRR increases are supposed to help slow the high inflation rate in the Nation, which appears to be occurring as the latest reports are showing inflation in June 2023 at 3.0 percent, down from a high of 9.1 percent in June 2022; however, July inflation came in slightly higher at 3.3 percent. The Board has other considerations including employment numbers, wage growth and consumer confidence to balance along with inflation.

While new home builders slowed production as sales slowed in 2022, the spring of 2023 brought optimism to builders once again. Sales were up month-over-month as buyers adjusted to higher mortgage rates and existing home inventory is at all-time lows. Existing homeowners that are locked into a 3 percent mortgage are not moving due to the current 6+ percent rates. This is creating a supply issue for existing homes. New home sales are benefiting from this supply issue as in some cases, the only option for homebuyers are new homes. Per Zonda, historically, new homes capture 10 to 13 percent of all home sales; however, due to the limited supply of existing homes currently on the market, new homes are capturing well over 30 percent of all home sales in the Inland Empire.

Residential Land Development

While there had been little land development going on in most of the Inland Empire during the Great Recession years 2008-2011, the second half of 2012 saw a resurgence in the more coveted areas of the Inland Empire. The increase in housing prices since 2012 combined with the limited availability of supply made land development feasible once again for homebuilders. It is thought that the increase in regulations, which has

significantly increased the timeline for processing entitlements, has limited the master developers' further entitlement of developable land in California. While prior to the recession it was not unusual to see numerous large master-planned communities selling lots to various builders (such as Park Place within Subarea 29), there are few currently available in the subject area. The majority of land sales over the past few years include single tracts of land with maps ready to record (such as Woodside's Cambridge Court and Lennar's Fairhaven) or a public builder buying a larger piece of land but develops the land for its own use, such as NUVO by The New Home Company.

Land sales in the Inland Empire slowly grew from 2012 up to a peak in 2017, with 2018 and 2019 showing lower land transactions. Once home sales exploded in May 2020, land sales followed with a significant number of residential land sales to builders in the Inland Empire during the second half of 2020 and throughout 2021. In late 2021 and early 2022, prior to the FRR increases, builders were paying significantly more for residential land that was ready to develop as demand was up and supply was shrinking. The beginning of 2022 continued with strong residential land sales until May, when sales began to fall sharply. According to Zonda's survey of builders regarding residential land purchases, as of January 2023 only 2 percent of builders surveyed were "full steam ahead," and almost 40 percent were pausing transactions or bidding lower on land transactions. As of July 2023, these percentages have changed drastically with 35 percent stating they are going "full steam ahead" and 41 percent moving "cautiously forward." The increase in optimism from new home builders outlook since January is partially due to the extreme slowdown of existing home inventory which is fueling new home sales.

New Home Sales and Pricing

We have researched new single-family homes within the subject's market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. In reviewing new home sales in the Inland Empire market area, per the August 13, 2023 Ryness Report, the year-to-date average sales rate (3.98 sales per month) is 3.0 percent lower than the same time period of the previous year (4.12 sales per month). Surprisingly, even

with the increases in pricing and mortgage rates, sales of new homes are occurring at a very good pace; however, this is partially due to the extreme limited supply of existing homes which is creating more demand for new homes. New home sales rates started to level off in late Spring 2022, likely due to the increase in mortgage interest rates. As rates go down, purchasing power becomes larger, which gives new-home buying a boost. However, the flip side is that as interest rates rise, purchasing power becomes lower and therefore fewer people purchase new homes. Along with home sales comes a demand for appliances, furniture, building materials and services such as insurance, mortgage services, inspections, interior designers, and landscapers, all contributing to the area economy.

When comparing the August 13, 2023, Inland Empire Ryness Report to one year prior, there are 25 additional projects (215 in August 2022 and 240 in August 2023) and sales are about three percent lower year-to-date than the previous year. This does not appear to be due to limited inventory as there are additional projects, but rather because of an actual slowdown in sales activity likely due to the increase in interest rates. It should be noted that current sales rates are being compared to the shifting market of Spring/Summer of 2022. When comparing August 2023 to August 2021, sales had decreased almost 18 percent (from 4.85 sales per month in August 2021 to 3.98 sales per month in 2023) over the past two years.

New single-family home pricing (combines both attached and detached) in the Inland Empire has also seen changes. The median new home price in the Inland Empire changed from the peak value of $437,200 in the third quarter of 2006 to $268,155 in early 2009 (decrease of 39 percent) while the current Inland Empire median new home price is $565,500 which is down from a record high of $646,000 in July 2022 per Zonda's latest market report (Riverside-San Bernardino-Ontario, CA CBSA August 2023). This reflects an increase of over 100 percent from the bottom of the cycle and an increase of more than 29 percent over its peak during the Great Recession, however a decrease from the 2022 peak of 12.4 percent. In reality, this decrease is actually larger as builders are buying down interest rates which costs the builder at times, up to $100,000, however, the amount

is not reflected in the recorded sales price. New home sale prices fluctuate based on the land value and competition more than on the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis typically do not fluctuate as much as land values; however, there have been inflationary increases in construction costs adding to this increase.

We have reviewed Empire Economics' Price Point Review Studies for each Zone within Ontario CFD No. 56 (Parkside / La Avenida) dated July 31, 2023, and revised August 11, 2023. Empire Economics did an original Price Point Study for each Zone in July 2021 in order to determine their market prices for the various plans within each Zone. The "Review Study" is to ascertain if the prices have increased or decreased since the original Study. The Empire Economics Price Point Review Study for Zone 1 concluded that, for all plans, the current market price conclusions of the homes were, on average, 3.2 percent higher than the original market price conclusions in 2021. The Empire Economics Price Point Review Study for Zone 2, as revised September 13, 2023, concluded that for the 2-story homes the current market price conclusions were 0.36 percent higher; however, for the 3-story homes the current market price conclusions were 1.25 percent lower than the original market price conclusions in 2021. The Empire Economics Price Point Review Study for Zone 3 concluded with an average decrease of 1.8 percent between July 2021 and July 2023 with the plans having a range from an increase in price of 4.4 percent to a decrease in price of 5.6 percent.

Within our search for the most comparable actively selling new home communities, we searched the subject's city of Ontario, which currently features a multitude of actively selling new home communities. We found 14 communities (including the subject communities) comparable to the subject three communities. The comparables have base prices ranging from $485,000 to $982,000, while the subject base prices range from $485,000 to $636,000, which falls at the lower end of the range of comparable new homes in the area. According to the Ryness Report dated August 13, 2023, there are currently 27 new home projects in the subject's Southwest San Bernardino submarket, with the City of Ontario housing 21 of them (including four of the subject's six).

Existing Homes Sales and Pricing

While the previous section looked at new home sales and pricing, this section refers to existing homes in the Inland Empire. According to the California Association of Realtors' most recent data, within overall Southern California, the median price paid for an existing single-family home in July 2023 ($830,000) reflects an increase of 2.7 percent from the previous year ($808,000 in July 2022) and a 1.8 percent increase from the previous month ($815,000 in June 2023). Existing home sales in Southern California overall were down 14 percent year-over-year as of July 2023. The overall Southern California numbers compare to San Bernardino County with $485,000 as the median price paid for an existing home in the County in July 2023, down 1.0 percent from the previous year ($490,000 in July 2022) and an increase of 3.2 percent from the previous month ($470,000 in June 2023). Sales of existing homes in the County were down 23.5 percent year-over-year due to limited inventory, higher mortgage rates and high home prices. The slower sales rates in the existing home sales market are reflective of homeowners not ready to sell due to the changing market. Historically, the new home market captures 10-13 percent of the overall home sales; however, in the past year, new home sales are capturing over 30 percent of total home sales. Below is a table showing the sales and prices for the Southern California area by County per the California Association of Realtors.

Southern California Existing Home Sales

County	July 2023	June 2023	July 2022	Price MTM % Change	Price YTY % Change	Sales YTY % Change
Los Angeles	$851,540	$832,210	$846,320	2.3%	0.6%	-16.2%
Orange	$1,300,000	$1,260,000	$1,231,000	3.2%	5.6%	-11.0%
Riverside	$615,000	$628,000	$625,000	-2.1%	-1.6%	-15.6%
San Bernardino	$485,000	$470,000	$490,000	3.2%	-1.0%	-23.5%
San Diego	$969,000	$958,250	$930,000	1.1%	4.2%	-4.9%
Ventura	$920,000	$927,500	$920,000	-0.8%	0.0%	-19.4%
Southern Calif.	$830,000	$815,000	$808,000	1.8%	2.7%	-14.0%

Source: California Association of Realtors

Based on July 2023 median existing homes prices, in comparison to all of the surrounding counties, San Bernardino County has a definite price advantage. The "San Bernardino County Advantage" (price difference between San Bernardino and surrounding counties) is $130,000 as compared to Riverside County, $366,540 as compared to Los Angeles County, $435,000 as compared to Ventura County, $484,000 as compared to San Diego

County and $815,000 as compared to Orange County. That is, in July 2023, the median priced home in San Bernardino County was $825,000 less than the median priced home in Orange County ($1,300,000). Typically, as the price advantage widens, homebuyers are more open to commuting to further out areas. With the current work-from-home concept, the suburban areas have seen more growth which put pressure on home prices in the Inland Empire. It's worth noting that June of 2022 was the first month where the majority of Southern California counties showed median price decreases from the previous month and May 2023 showed median prices beginning to rise suggesting that pricing may have hit bottom; however, this is also due to minimal inventory/supply which is upsetting the balance in the housing market.

In a separate attempt to capture the amount of increase in home prices, the sale activity of both new and existing homes in the subject's immediate area (per Redfin.com) has been reviewed. The number of sales and sale prices of homes within market areas of the subject are shown in the table below.

Community Name	Location To Subject	No. of Sales	July 2023 Price Median	Price % Change from July 2022
Ontario Ranch	Subject	83	$681,000	-11.7%
Ontario	North	80	$632,500	0.4%
Eastvale	South	31	$920,000	4.6%
Mira Loma	East	N/A	$675,000	-9.4%
Jurupa Valley	Northeast	58	$660,000	1.5%
Chino	Southwest	47	$715,000	0.4%
Rancho Cucamonga	Northwest	93	$725,000	0.7%

Source: Redfin Housing Market Trends **July** 2023

The median home price of a detached home in Ontario Ranch in July 2023 was $681,000 per Redfin, which is in the lower-end of the range of the resale detached home prices in the subject area. The lowest prices in the range relate to the older section of Ontario while the highest end of the range relates to Eastvale. It should be noted that the decrease in pricing within Ontario Ranch is due more to smaller homes being sold (higher density and lower square foot product) when compared to a year ago. In addition, the peak of the Ontario Ranch median sale price was August 2022 when the median price reached $780,000 which reflected a 19.1 percent increase year-over-year. The above year-to-year price fluctuations relate to the California Association of Realtors overall San Bernardino

County detached home resale price decrease of 1.0 percent year-over-year from July 2022 to July 2023.

Subject Communities - Sales and Pricing

Zone 1 is comprised of Cambridge Court by Woodside and includes 106 single family detached homes on 2,700 square foot lots with marketed sizes from 1,951 to 2,365 square feet. Cambridge Court began sales in October 2021, with opening base pricing ranging from $655,000 to $700,000. Current base pricing at Cambridge Park ranges from $706,000 to $778,500 which is 7.8 to 11.2 percent higher than opening base prices. Specifically, Plan 1 increased 7.8 percent; Plan 2 increased 10.1 percent and Plan 3 increased 11.2 percent. The overall sales rate within Cambridge Court has been 4.2 sales per month. It should be noted that within Cambridge Court there are additional mortgage incentives for closing costs which average $5,000 per the builder which are not reflected in the sales prices. In addition, according to Woodside, they are not offering mortgage buydowns. However, it should be noted that the average concession has increased substantially since October 2022.

The portion of Zone 2 that is actively selling is comprised of NUVO Parkside which includes Lincoln, Hyde, Bryant, and Grant. NUVO by New Home Company includes 303 proposed single family detached homes on condo lots. Lincoln and Bryant are sold and closed out while Hyde and Grant are still selling. The home sizes within all projects range from 1,082 to 1,820 square feet. NUVO began sales in April 2022, with opening base pricing ranging from $536,000 to $702,000. Current base pricing at NUVO ranges from $485,000 to $636,000 (includes the two sold out project's final base pricing) which is 2.9 to 17.2 percent lower than opening base prices. Specifically, the two currently selling projects range from 9.2 to 17.2 percent lower than opening base pricing. They have sold 214 homes within the four projects at NUVO suggesting an overall sales rate between the four communities of 13.4 homes per month while individually the communities have sold between 3.7 to 3.8 sales per month. It appears NUVO's original pricing was above the market and prices had to be adjusted downward to meet the market, which has resulted in recent good sales rates within the project. It should be noted that within NUVO there

are additional mortgage incentives which include rate buydowns which are not reflected in the sales prices. Within NUVO these range from $0 to $25,000.

Zone 3 is comprised of Fairhaven at Park Place by Lennar and includes 76 proposed single family (generally) detached homes on condo lots in a cluster format with marketed sizes from 1,450 to 1,805 square feet. One plan has a shared wall in the garage. Fairhaven began sales at the end of January 2023, with opening base pricing ranging from $542,990 to $572,990. Current base pricing at Fairhaven ranges from $590,990 to $629,990 which is 6.6 to 10.8 percent higher than opening base prices. Specifically, Plan 1 increased 8.8 percent; Plan 2 increased 10.8 percent, Plan 3 increased 6.6 percent and Plan 4 increased 9.9 percent. Fairhaven has sold 33 homes to date suggesting an overall sales rate of 4.7 homes per month. It should be noted that within Fairhaven for the 32 sales there are mortgage incentives (not included in public record sales prices) which average $37,803 per home.

Summary

The Inland Empire had seen substantial increases in pricing since 2012 with most areas, including the subject, showing astronomical increases from mid-2020 through early 2022. While existing home sales were originally down when COVID began in spring/early summer 2020, new home sales subsequently shot up due to the existing home market supply being constrained and interest rates hitting all-time lows. The latest statistics indicate a slowdown in sales as interest rates have risen substantially. The Ontario Ranch new-home submarket is performing in line with the Inland Empire market as a whole. The subject market area saw an increase in pricing consistent with most of Southern California throughout 2020 and 2021 and appeared to be continuing in the beginning of 2022. The past year has seen sales slow and prices lowering; however, the past couple months have seen new home builders' optimism return as new home absorption has generally increased. Despite uncertainty hitting the market due to rising interest rates and inflation, most observers agree that the Inland Empire housing market is healthy and population growth is still estimated to occur in the area. It is believed that as the population continues to increase, housing growth will also continue, despite a slowdown.

HIGHEST AND BEST USE ANALYSIS

The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

> *"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"*[5]

Proper application of this analysis requires the subject properties to first be considered "As If Vacant" in order to identify the "ideal" improvements in terms of use, size, and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered, or demolished preparatory to redevelopment of the site with a more productive or ideal use.

"As If Vacant"

In the following analysis, we have considered the sites probable uses, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible uses, or those uses which generate a positive return on investment; and the maximally productive uses, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

Physically Possible Uses

The subject property consists of four different properties, two contiguous and two non-contiguous. The first, which is known as Zone 1 which is being built out as Cambridge Court, consists of 10.486 gross and 7.863 net acres. The parcel is generally rectangular in shape and is located at the northeast corner of E. La Avenida Drive and S. Manitoba Place in the Ontario Ranch area of the City of Ontario. The site's original topography was generally level at street grade to surrounding streets. Cambridge Court is bounded by existing houses to the north, west and south and by a vacant parcel zoned for residential

[5] The Appraisal of Real Estate, 11th Edition

use to the east. The neighborhood has been transitioning from dairies and farmlands to the new master planned community of Ontario Ranch. The site has been graded for development into 106 single-family detached lots with a minimum lot size of 2,700 square feet. We have reviewed a soils report on the site, as well as environmental reports for the project. All reports reviewed conclude that development of the site is feasible, however mitigation measures recommended within such reports should be adhered to during construction. The site is still under development with homes ranging in construction status from finished lots to homes under construction, to completed homes and models. It is an assumption of this report that the soils are adequate to support the highest and best use, that there are no environmental issues which would slow or thwart development of the property. This is evidenced by existing homes on the site which were recently built with City inspectors on site during construction. An engineered drainage system appears to have been designed into a street drainage system for the site. All standard utilities are available to serve the subject property. The site has good access via I-15 to Ontario Ranch Road to Broadway Avenue and north to E. La Avenida Drive.

The second, which is known as a portion of Zone 2 which is being built out as NUVO, consists of 19.744 gross acres (including pool area however not including internal streets) and 18.433 net acres per Tract Map 20316. The parcel is irregular in shape and is located at the northwest corner of Eucalyptus Avenue and Millenium Paseo in the Ontario Ranch area of the City of Ontario. The site's original topography was generally level at street grade to surrounding streets. NUVO is bounded by vacant lands (proposed for a large community park beyond which will be future homes); a vacant parcel to the east (a portion of the subject known as Lot 1 of Tract 20316 – Vacant Parcel); existing homes in the community known as Shadetree by Landsea Homes to the south and vacant lands to the west. The neighborhood has been transitioning from dairies and farmlands to the new master planned community of Ontario Ranch. The site has been graded for development into 303 single-family detached condominium lots in various configurations including alley-loaded and cluster. We have reviewed a soils report on the pool area for the site (Lot A); however no environmental reports. The soils report reviewed concludes that development of the site is feasible, however mitigation measures recommended in such

report should be adhered to during construction. The site is still under development with homes ranging in construction status from finished lots to homes under construction, to completed homes and models. It is an assumption of this report that the soils are adequate to support the highest and best use, that there are no environmental issues which would slow or thwart development of the property. This is evidenced by existing homes on the site which were recently built with City inspectors on site during construction. An engineered drainage system appears to have been designed into a street drainage system for the site. All standard utilities are available to serve the subject property. The site has good access via I-15 to Ontario Ranch Road to Archibald Avenue, south to Eucalyptus Avenue and east to Millenium Paseo.

The third parcel, which is also known as a portion of Zone 2 is known as Lot 1 of Tract 20316 and is located at the northwest corner of Archibald and Eucalyptus Avenues in the area of Ontario Ranch within the City of Ontario. The site was mass graded when the remainder of Zone 2 was developed. Per Tract Map 20316, Lot 1 encompasses 14.603 acres. It is generally level at street grade of the surrounding streets of Archibald Avenue and Eucalyptus Avenue. We have not received any soils or environmental reports to review on this site. It is an assumption of this report that the soils are adequate to support the highest and best use and that there are no environmental issues which would slow or thwart development of the property. This is evidenced by existing homes on the adjoining site (NUVO) which were recently built with City inspectors on site during construction. No drainage system was noted on the stie. It is the appraiser's understanding that all standard utilities are available to serve this property. The site has good access via I-15 to Ontario Ranch Road to Archibald Avenue, south to Eucalyptus Avenue.

The fourth and final parcel, which is known as Zone 3, is being built out as Fairhaven at Park Place by Lennar Homes and consists of 6.51 gross and 3.64 net acres. The parcel is generally triangular in shape and is located on the south side of Merrill Avenue at Ferguson Privado in the Ontario Ranch area of the City of Ontario. The site's original topography was generally level at street grade to surrounding streets. Fairhaven is bounded by existing homes to the north, east and south and high intensity Edison wires

to the west, beyond which are existing homes. The neighborhood has been transitioning from dairies and farmlands to the new master planned community of Ontario Ranch. The site has been graded for development into 73 single-family generally detached condominium lots (with one plan sharing a wall in the garage) in a cluster configuration. We have reviewed a soils report on the rough grading of the site which concluded that development of the site is feasible, however mitigation measures recommended in such report should be adhered to during construction. The site is still under development with homes ranging in construction status from finished lots to homes under construction, to completed homes and models. We reviewed both the draft and final EIR for the site, along with a Methane Report. The methane report concluded further testing should be done after grading. It is an assumption of this report that the soils are adequate to support the highest and best use, that there are no environmental issues which would slow or thwart development of the property. This is evidenced by existing homes on the site which were recently built with City inspectors on site during construction. An engineered drainage system appears to have been designed into a street drainage system for the site. All standard utilities are available to serve the subject property. The site has good access via I-15 to Ontario Ranch Road, south on Hamner Avenue to Bellegrave Avenue and west to the subject site.

Based on the physical analysis, the size and access make the subject properties physically suited for numerous types of development; however, the grading that has occurred on three of the sites suggests residential development.

Legality of Use

All of the subject properties are located within the City of Ontario in the County of San Bernardino. Per the City General Plan, Zones 1 and 2 are shown as LMDR (low to medium density residential) allowing for 5.1 to 11.0 dwelling units per acre and Zone 3 is shown as LDR (low density residential). Per the current zoning map, all of the sites are shown SP for Specific Plan. Zone 1 is located within The Avenue Specific Plan and is shown as Planning Area 6B which is designated for 106 proposed residential units. Tract Map 20298 was recorded on the site July 15, 2021, and subdivided the site into 106 numbered lots and 19 lettered lots. Zone 2 is located within the Parkside Specific Plan

with NUVO designated for up to 304 dwelling units (mapped approved for 303) and Lot 1 designated for 236 dwelling units. Tract Map 20316 was recorded on Lots 2, 3 and 4 and with the condominium maps, allows for 303 residential units. Lot 1 within Zone 2 has no mapping completed at this time. Zone 3 is located within the Subarea 29 Specific Plan as Planning Area 27 and is designated for 73 units per an amendment to the Specific Plan. It appears a General Plan Amendment was also completed. Tract Map 20389 divided the site into one lot and several lettered lots, and a condominium site plan was approved allowing for 73 residential units. The approved tract maps appear to be consistent with the approved specific plans.

Based on the legality of use analysis, the type of development for which the subject properties can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Inland Empire Housing Market section earlier within this report, the market showed strong increases in both sales and pricing in 2020, 2021 and the beginning of 2022. The second half of 2022 and the beginning of 2023 reflected a slowdown in sales and a softening in prices as interest rates have risen substantially. The slowdown in the second half of 2022 resulted in builder's either pausing on escrows or dropping escrows resulting in few actual residential land sale closings in the past twelve months. However, builders are once again entering escrows and moving forward on older escrows as new home buyers are continuing to purchase homes, even with the higher mortgage rates. Within Ontario CFD No. 56, out of 482 mapped units, there have been 340 home sales to date including 212 home closings. All structures appear to be in excellent condition with no physical depreciation apparent. Within the new home market in the Ontario area, we found fourteen projects (including subject projects) to be comparable to the subject's product lines. Homebuilding had not been able to keep up with the demand in 2020 and 2021 due to several factors including historically low interest rates, millennials joining the home buying market and the work from home factor which all add to the demand. While the market softened in the second half of 2022, the Inland Empire is still seeing demand and

new homes are still selling. Our search for land sales found seven land sales in the market area that we consider to be comparable. Population growth is still occurring in the area and will continue to create the need for housing. Based on the above analysis, the highest and best use for each of the subject properties appears to be for single-family residential development at the right price points.

Maximum Productivity

Based on the market activity of residential lands in the immediate area, we have concluded there is a need/demand for residential lands.

Highest and Best Use Conclusion – "As If Vacant"

The final determinant of highest and best use, as if vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property is for residential land use.

Highest and Best Use – "As Improved"

The subject property consists of three existing projects within Ontario Ranch. The first is known as Cambridge Court by Woodside with 106 proposed homes which began selling in October 2021. They have sold 93 homes, reflecting a sales rate of 4.2 sales per month. The second project, NUVO Parkside, includes four communities. They have sold 214 homes since beginning sales in April 2022 reflecting a total sales rate of 13.7 homes per month or between 3.7 and 3.8 sales per month per community. The third project, Fairhaven at Park Place began sales in January 2023 and has sold 33 homes to date reflecting a sales rate of 4.7 homes per month. Base prices at Cambridge Court and Fairhaven have increased since grand opening from 6.6 to 11.2 percent per floorplan. NUVO plans have had decreases since opening as the builder sought to find the market, which they did as the sales rates have been considered good. In addition, most builders are offering mortgage incentives including closing costs and interest rate buy downs. This is typical for the Inland Empire in today's market. The sales absorption rates within all communities are considered to be good to very good. As discussed under the Inland Empire Housing Market section, within the Inland Empire, the year-to-date average sales

per project is 3.98 homes per month with the subject communities ranging from 3.7 to 4.7 sales per month. The subject communities are enjoying an overall sales rate either similar or higher than the overall averages in the area.

In addition, we have reviewed Empire Economics Price Point Review Studies for all three Zones within Ontario CFD No. 56 along with an update for Zone 2. The reports reviewed the Original Price Point Studies prepared in July 2021 and concluded that between July 2021 and July 2023 there were price reductions from 1.9 to 1.25 percent (for three plans within Fairhaven and for the 3-story plans within NUVO) with the remainder of the plans have prices higher from 0.36 to 4.4 percent.

All of the homes are of good design and appear to be of good quality workmanship. It appears that Cambridge Court, NUVO, and Fairhaven are all being well received, and the neighborhoods are now selling at the correct price points for the area. Based on the above information, it is concluded that the highest and best use for the subject property, is for the continued use, as improved.

VALUATION ANALYSIS AND CONCLUSIONS

The Sales Comparison Approach will be used to value the subject properties. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the property, a unit of comparison needs to be addressed. For detached residential lands, they are typically sold on the basis of a finished lot. That is, the sales price is determined by the finished lot value and then the remaining costs to develop the property to a finished condition are taken into account in the sales price. Therefore, in determining a current market value for the lands, the current condition of the lots will be considered. In the case of the existing home valuations, a single new-home sale is the unit of comparison. Our search will include all comparable new home projects within the subject's immediate and surrounding market area to find comparable new homes for sale. In determining the value for each house, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home.

In the case of the completed (over 95 percent complete) builder-owned models and production houses, the homes will be valued using the Sales Comparison Approach to conclude on a retail value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the single ownership. The DCF will take into account the fair market value of the completed homes (utilizing the Sales Comparison Approach), remaining development costs (if any), the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period. A home under construction (under 95 percent complete) will be valued as a finished lot rather than attribute value to a partially complete improvement. In the case of individually owned homes, the concluded base value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. All of the value conclusions will take into consideration improvements and/or benefits to

be funded by the Ontario CFD No. 56 Special Tax Bonds and their lien. A summary of the final value conclusions will be reported at the end of this valuation section.

Market Data Discussion – Residential Lots

Within overall Ontario CFD 56, there is a Vacant Parcel with entitlements for up to 236 units, 62 lots in a generally physically finished condition, 128 houses under construction (under 95 percent complete), 15 builder owned model homes, 53 houses over 95 percent complete and 224 completed houses which are individually owned. For the residential lots, we will value each ownership which are detailed as follows.

Zone 1 includes seven generally finished lots and 22 houses under construction within Cambridge Court by Woodside. A house under construction (under 95 percent complete) will be valued as a finished lot rather than attribute value to a partially complete improvement, thus 29 lots will be valued in Zone 1 under Woodside ownership.

Zone 2 includes a vacant parcel with entitlements for 236 residential units with no mapping at this time along with the NUVO project. NUVO includes 32 generally finished lots, all owned by Arroyo Cap II-1. In addition, there are 80 homes under construction (under 95 percent complete) with New Home Company owning 61 and Arroyo Cap II-1 owning 19. As a house under construction (under 95 percent complete) will be valued as a lot, 61 lots will be valued under the New Home Company ownership and 51 will be valued under the Arroyo Cap II-1 ownership.

Zone 3 includes 23 generally finished lots and 26 homes under construction within Fairhaven by Lennar. As we are valuing a home under construction (under 95 percent complete) as a lot, 49 lots will be valued under the Lennar Ownership.

We have searched the area and found the seven transactions summarized below (listed in the Addenda) to be most comparable to the subject property. The sales are reported both on a purchase price basis and on a finished lot basis. Although some sales refer to “finished lots,” they are typically physically finished lots with some fees remaining to be

paid in order to be considered truly finished lots. At times land sales are for small-lot or attached product or refer to a "blended price" for these two products. Our search included the areas of Ontario, Corona, and Chino. Below are the details of each of the comparable land sales along with a discussion of each transaction in relationship to the subject lands.

Land Sale No. 1 refers to a current escrow in the City of Ontario, however not within Ontario Ranch. The seller has asked us to keep the information confidential as it is not yet a closed sale. The buyer is a familiar Southern California builder. The site contains an estimated 3.3 acres with entitlements for 84 units which equates to 25.45 dwelling units per acre. The sales price is reportedly $8,600,000 or $102,381 per unit based on an estimated finished lot/pad price of $198,651. In comparison to the subject properties, this sale has a much higher density which suggests that the per unit or finished lot/pad price is inferior to the subject properties with densities ranging from 10 to 12 units per acre for the existing projects and an estimated 16 dwelling units per acre on the Vacant Parcel. In addition, this is not yet a closed sale, thus less emphasis is placed on this transaction, however it has been included to show activity in the market and set the upper limit for a parcel with higher density.

Land Sale No. 2 pertains to the latest closing in Ontario Ranch located east of Twinkle Avenue northwest of Haven Avenue within two miles of each of the subject sites. Land Sea purchased the site mapped for 144 lots in June 2023 from a related entity to Richland. The parcel has mapping complete, however was in an unimproved condition at time of sale. The site totals 9.19 acres per brokers familiar with the transaction which suggests a density of 15.6 dwelling units per acre. The proposed product is for 12 unit attached condominiums in a courthouse courtyard configuration. The property sold for $16,924,000 or $117,528 per unit based on a reported $235,000 finished lot/pad price. In comparison to the subject properties, this site has a higher density than the existing products which makes it inferior, however a density similar to the Vacant Parcel within Zone 2.

Land Sale Nos 3, 4 and 5 all refer to sales within The Preserve, a master planned community located in Chino, about two miles southwest of Ontario Ranch. The Preserve

is one of the only master plans developed by a land developer (Lewis) that is supplying lots for new-home builders. Several builders are currently active in The Preserve including Lennar, Richmond American, Beazer and KB Home. Land Sale No. 3 is in regard to Lennar purchasing land for 56 units for the extension of their successful project known as Voyage, within the Discovery Park area of The Preserve. In July 2022 Lennar purchased the 56 lots for $16,629,500 or $296,955 per unit based on a reported finished lot price of $350,000. The property has a reported density of 12 dwelling units per acre. Lennar's Voyage product includes detached homes 1,800 – 2,020 square feet selling for $720,000 to $760,000. Land Sale No. 4 pertains to Richmond American Homes purchasing 56 units to continue their successful project known as Parklin, also within the Discovery Park area of The Preserve. In July 2022 Richmond American Homes purchased the lands from Lewis for $16,694,304 or for $302,934 per lot based on a reported finished lot price of $340,000. The lots were in a partially finished condition at the time of closing. The property has an overall density of about 11 dwelling units per acre. Richmond American is selling their Parklin community with detached homes in a cluster format with homes sized from 1,940 to 2,460 square feet with pricing from $765,000 to $830,000. Land Sale No. 5 refers to a townhome community being built and marketed by Beazer Homes known as Zinnia at The Preserve, north of Pine Avenue off Meadowhouse Avenue. The site had mapping for 149 attached townhomes with an overall density of 14 dwelling units per acre. Beazer purchased the site in June 2022 from Lewis for $19,952,500 or $133,909 per lot based on a finished lot/pad price of $205,000. The lots were in a partially finished condition at the time of closing. Beazer is selling townhomes sized from 1,790 to 2,076 square feet with pricing from $600,000 to $630,000. In comparison to the subject property, The Preserve has been developed by a master developer who completed amenities including pools, large neighborhood parks and social areas for the residents. Ontario Ranch is being developed by various builders/developers and while some have more elaborate amenities, Zones 1 and 2 have either small, interior parks or a pool/clubhouse (NUVO). Thus, The Preserve is slightly superior to most of the Ontario Ranch in amenities. These three sales all occurred in mid-2022 at the end of the appreciating market, making the date of sale on these three closings superior to the current market of today. In comparing the densities, Land Sale Nos. 3 and 4 are

considered to be similar to the subject's active communities, while Data No. 5 at 14 dwelling units per acre is considered more similar to the Vacant Parcel's density of 16 dwelling units per acre.

Land Sale No. 6 refers to the most recent closing within the master planned community known as Bedford, located in South Corona, about 13 miles south of the subject properties. The location is considered to be similar as both have very good access from I-15. Taylor Morrison purchased an estimated 91 conventional lots with a minimum lot size of 3,800 square feet based on a finished lot value of $360,000. The lots were in a partially finished condition at the time of closing. The site closed in May 2022, however, was negotiated about one year prior. When compared to the subject property this site is considered to be superior in amenities as Bedford has several pools and a large social club for the overall community.

Land Sale No. 7 refers to the July 2021 purchase of a parcel of land within two miles of the subject properties at the southeast corner of Edison Avenue and Mill Creek Avenue in Ontario Ranch. KB Home purchased the lands from Richland Communities who had entitled the property for 432 dwelling units. The product includes mapping for 149 cluster detached units, 174 townhomes and 145 courtyard townhomes. The overall density of the project is 10 dwelling units per acre. The site had dirt access at time of purchase with no paved surrounding streets. Per public record, KB Home paid $36,297,016 or $84,021 per unit based on a reported blended finished lot price of $239,000. In comparison to the subject property, this site is considered inferior due to the majority of the proposed homes being attached and inferior due to the site closing over two years ago, prior to a substantial amount of appreciation in the subject marketplace.

The chart on the following page summarizes the considerations used in adjusting the market data to the subject property.

Data No.	Location	Date of Sale	Lot Size / Density	Finished Lot Price	Comparison to Subject
1	Ontario	Escrow	25 du/ac	$198,651	Inferior – Density and location
2	Ontario Ranch	6/23	15.6 du/ac	$235,000	Inferior – Density
3	Chino	7/22	12 du/ac	$350,000	Superior – Amenities & Date of Sale
4	Chino	7/22	10 du/ac	$340,000	Superior – Amenities & Date of Sale
5	Chino	6/22	14 du/ac	$205,000	Inferior – Density (to existing communities) Superior – Date of Sale
6	Corona	5/22	3,800	$360,000	Superior – Density & Date of Sale
7	Ontario Ranch	7/21	10 du/ac	$239,000	Inferior – Attached product for majority of the site and Date of Sale

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The market data has an overall, unadjusted, finished lot range from $198,651 to $360,000. The lowest prices at $198,651 refers to significantly higher density at 25 dwelling units per acre versus the subject community's densities which range from 10 – 12 dwelling units per acre or the Vacant Parcel's 16 dwelling units per acre. Data Nos. 2 and 6 relate to sales with a density in the 14 – 16 dwelling unit per acre range and have a sales price range from $205,000 to $235,000 per unit. These products are attached. The remainder of the market data ranges from $239,000 to $360,000 on a finished lot basis. Data Nos. 3, 4 and 6 are all located within master planned communities with superior amenities and closed in mid-2022 which was prior to when the increase in mortgage rates began affecting new home sales. Data No. 7 sold two years ago, prior to significant appreciation in the marketplace. The subject real estate market showed significant appreciation between mid-2020 and mid-2022, slowed and showed depreciation for six to eight months and now has seemed to stabilize with slight increases seen in the past couple months.

Based on the market data, which is considered to be good, and taking into account the varying factors in the transactions along with the current residential land market, we have concluded that the subject lots within Zone 1 (2,700 square foot conventional lots with an overall density of 10 dwelling units per acre) have a finished lot value of $280,000. Within the NUVO portion of Zone 2 (overall 12.6 dwelling units per acre) we have concluded at a finished lot value of $260,000. Within the Vacant Parcel portion of Zone 2 (16 dwelling

units per acre) we have concluded on a finished pad/lot value of $200,000. Within Zone 3 (overall 11 dwelling units per acre, however irregular shaped lot, and rears to Edison high wires), we have concluded at a finished lot value of $220,000. However, the lots are not yet in a true finished condition. As discussed earlier within each of the property description sections, there are remaining costs to bring the sites to a true finished lot condition which will be taken into account below.

Zone 1 - Builder-Owned Lot Value Conclusion

As discussed above, Zone 1 which encompasses Cambridge Court by Woodside Homes includes 29 lots as the homes under construction are being valued on the basis of a finished lot rather than attributing value to a partially complete improvement. Per Woodside representatives the lots are in a finished condition and all fees have been paid, however, we have added a contingency for the final cap on the street and the water quality management as discussed under the property description section above. The lot value conclusion is as follows:

29 Lots in a Finished Condition (29 x $280,000)	$ 8,120,000
Less: Land Development Costs (29 x $3,409.09)	(98,864)
Current value of Builder-Owned Lots	**$ 8,021,136**

NUVO Portion of Zone 2 - Builder-Owned Lot Value Conclusion

As discussed above, the portion of Zone 2 which encompasses NUVO by New Home Company includes 61 lots owned by New Home Company and 51 lots owned by Arroyo Cap II-1. These numbers include the homes under construction which are being valued on the basis of a finished lot rather than attributing value to a partially complete improvement. Per New Home Company representatives there are remaining costs of $19,718.31 per lot to get to a true finished lot including land development fees. The lot value conclusions are as follows:

New Home Company Ownership

61 Lots in a Finished Condition (61 x $260,000)	$15,860,000
Less: Land Development Costs (61 x $19,718.31)	(1,202,817)
Current value of Builder-Owned Lots	**$14,657,183**

Arroyo Cap II-1 Ownership

51 Lots in a Finished Condition (51 x $260,000)	$13,260,000
Less: Land Development Costs (51 x $19,718.31)	(1,005,634)
Current value of Builder-Owned Lots	**$12,254,366**

Vacant Lot Portion of Zone 2 - Builder-Owned Lot Value Conclusion

As discussed above, the Vacant Lot portion of Zone 2 has an overall density of 16 dwelling units per acre and has entitlements for up to 236 units on the site per the Specific Plan. It is the appraiser's understanding that there has been no mapping done on the property at this time. The remaining costs per Lewis's representatives are estimated at $18,800,000 which includes $11,000,000 for the land development costs and $7,800,000 for the estimated land development fees. We have estimated an additional $350,000 for the planning and mapping process. All of the market data have approved mapping while this parcel does not. We have estimated a time period of eighteen months to plan and approve mapping on the Vacant Parcel along with an annual discount of ten percent due to the approval risk, market risk and the time value of money during this period. As concluded above, the value for the finished lot is $200,000. The parcel value conclusions are as follows:

Lewis Ownership

236 proposed lots/pads in a Finished Condition	$47,200,000
Less: Land Development Costs & Fees	(18,800,000)
Planning and Mapping Costs	(350,000)
Subtotal	$28,050,000
Present Value Factor (10%, 18 months)	x0.8612
Current value of Lewis-Owned Vacant Parcel	**$24,156,660**

Zone 3 - Builder-Owned Lot Value Conclusion

As discussed above, Zone 3 encompasses Fairhaven at Park Place by Lennar and includes 49 lots owned by Lennar including the homes under construction which are being valued on the basis of a finished lot rather than attributing value to a partially complete improvement. Per Lennar representatives there are remaining costs of $39,093.26 per

lot to get to a true finished lot including land development fees. The lot value conclusions are as follows:

49 Lots in a Finished Condition (49 x $220,000)	$10,780,000
Less: Land Development Costs (49 x $39,093.26)	(1,915,570)
Current value of Lennar Builder-Owned Lots	**$ 8,864,430**

Retail House Valuation Analysis – Zone 1 - Cambridge Court by Woodside Homes

Cambridge Court is proposed for 106 detached homes with 62 completed and closed to individuals. The builder owns three model homes and 12 homes over 95 percent complete for a total of 15 homes. The homes under construction and the remaining lots were valued above. This section will value the builder-owned homes, followed by a value for the individually-owned homes using a mass appraisal technique. We have searched the local Multiple Listing Service ("MLS") and inspected the property and there has not been any resales or current resale listings within Cambridge Court. Below is a summary of the various floor plans. A listing of the improved residential comparable properties is located in the Addenda of this report. All improved residential comparable properties are located within the subject City of Ontario or the neighboring City of Chino.

Cambridge Court by Woodside Homes					
Floor Plan	Bed/ Bath	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Plan 1	3 / 3	2 / 2	1,951	17	5*
Plan 2	4 / 3	2 / 2	2,043	16	7*
Plan 3	5 / 3	2 / 2	2,365	29	3*
Total				**62**	**15**

*Each asterisk designates one model home per that plan. In addition to the above there are 22 homes under construction and 7 additional finished lots.

The most appropriate new home comparable data for Cambridge Court Plan 1 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
1 (Subj.)	1	3 / 3	2 / 2	1,951	--
1	2	4 / 3	2 / 2	2,043	$352.91
3	H4	4 / 3.5	3 / 2	1,809	$339.97
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	4	4 / 3	2 / 2	1,805	$349.02
7	2	3 / 2.5	2 / 2	1,800	$354.72
7	3	4 / 3	2 / 2	2,067	$333.70
9	1	4 / 3	2 / 2	2,053	$351.00
10	3	4 / 3	2 / 2	1,955	$365.73

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $333.70 to $365.73 per square foot. The current base asking price for Cambridge Court Plan 1 is $361.87 per square foot. There have been 17 closings of Cambridge Court Plan 1 with actual sales prices from $333.16 to $385.24 per square foot. There are 12 current escrows of Cambridge Court Plan 1 with an estimated sales price range of $345.21 to $372.98 per square foot however the escrow prices do not include the options, premiums, upgrades, or concessions. Per Woodside representatives they are not offering interest buy-downs at this time however are providing up to $5,000 in closing costs which are not reflected in the sales prices. Since October, Woodside has been giving concessions which average over $50,000 which are not included in the reported escrow prices along with the premiums and options which average around $30,000. It should be noted that the reported sales prices include upgrades, premiums, and options along with some concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Cambridge Court Plan 1 has a base current market value of $335.00 per square foot. This calculates as follows:

1,951 sf x $335.00 = $653,585

The most appropriate new home comparable data for Cambridge Court Plan 2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
1 (Subj.)	2	4 / 3	2 / 2	2,043	--
1	1	3 / 3	2 / 2	1,951	$361.87
7	3	4 / 3	2 / 2	2,067	$333.70
8	3	4 / 3	2 / 2	2,133	$382.09
9	1	4 / 3	2 / 2	2,053	$351.00
10	3	4 / 3	2 / 2	1,955	$365.73
11	1	3 / 2.5	2 / 2	2,127	$408.08
13	3X	3 / 2.5	3 / 2	2,091	$363.46
14	2	3 / 2.5	2 / 2	2,096	$348.75

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for

location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $333.70 to $408.08 per square foot. The current base asking price for Cambridge Court Plan 2 is $352.91 per square foot. There have been 16 closings of Cambridge Court Plan 2 with actual sales prices from $318.16 to $355.30 per square foot. There are ten current escrows of Cambridge Court Plan 2 with an estimated sales price range of $335.29 to $365.87 per square foot. Per Woodside representatives they are not offering interest buy-downs at this time however are providing up to $5,000 in closing costs which are not reflected in the sales prices. Since October Woodside has been giving concessions which average over $50,000 per home which are not included in the reported escrow prices along with the premiums and options which average around $30,000. It should be noted that the reported sales prices include upgrades, premiums, and options along with some concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Cambridge Court Plan 2 has a base current market value of $325.00 per square foot. This calculates as follows:

2,043 sf x $325.00 = $663,975

The most appropriate new home comparable data for Cambridge Court Plan 3 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
1 (Subj.)	3	5 / 3	2 / 2	2,365	--
1	2	4 / 3	2 / 2	2,043	$352.91
7	4	5 / 3	2 / 2	2,202	$320.30
8	4	4 / 3	2 / 2	2,173	$379.66
9	3	4 / 3	2 / 2	2,229	$335.47
9	4	4 / 3.5	2 / 2	2,528	$307.47
11	2	3 / 2.5	2 / 2	2,403	$376.61
14	4	3 / 2.5	2 / 2	2,296	$381.53
14	5	4 / 2.5	2 / 2	2,352	$329.93

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $307.47 to $381.53 per square foot. The current

base asking price for Cambridge Court Plan 3 is $329.18 per square foot. There have been 29 closings of Cambridge Court Plan 3 with actual sales prices from $295.98 to $358.16 per square foot. There are nine current escrows of Cambridge Court Plan 3 with an estimated sales price range of $314.45 to $341.91 per square foot. Per Woodside representatives they are not offering interest rate buy-downs at this time however are providing up to $5,000 in closing costs which are not reflected in the sales prices. Since October Woodside has been giving concessions which average over $50,000 per home which are not included in the reported escrow prices along with the premiums and options which average around $30,000. It should be noted that the reported sales prices include upgrades, premiums, and options along with some concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Cambridge Court Plan 3 has a base current market value of $300.00 per square foot. This calculates as follows:

2,365 sf x $300.00 = $709,500

Builder Owned Retail Value – Cambridge Court

Within the subject property there are twelve production homes and three models over 95 percent complete owned by Woodside Homes. Per interviews with builders, upgrades, and landscape/hardscape of over $100,000 are installed in subject-like model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $40,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Cambridge Court are calculated as follows:

Plan 1 (5 x $653,585)	$ 3,267,925
Plan 2 (7 x $663,975)	4,647,825
Plan 3 (3 x $709,500)	2,128,500
Model Upgrades (3 x $40,000)	120,000
Retail Value - Woodside Owned Homes	$10,164,250

Absorption Period

In order to arrive at an absorption period for the 15 builder-owned homes within Cambridge Court, the absorption rates for the subject and surrounding developments have been reviewed. As discussed under the Highest and Best Use section earlier within this report, there is an average sales rate for Cambridge Court of 4.2 sales per month. The Improved Residential Market Data which are considered competition have sales rates from 3.2 to 7.0 sales per month. We have concluded that the subject 15 homes, 12 of which are currently in escrow, will be absorbed over a three-month period taking into consideration the absorption rate and the current escrows, along with current market conditions and the rising interest rates.

Remaining Costs

As discussed under the remaining development costs section earlier within this report there are $3,409.09 in remaining land development costs associated with each lot. For the 15 builder-owned homes, this equates to $51,136 in remaining costs. We are assuming that the costs will be spread evenly over the three-month absorption period in our analysis.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the rapidly changing market with increasing interest rates, an eight percent allowance has been estimated for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession this range was lowered considerably to six to 10

percent with some builders drastically lowering their profit potential in order to maintain their workforce. As the market improved, so did the profits. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Ontario Ranch area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales, and product on the subject property

The homes within the subject property appear to be well constructed and have been selling at good absorption rates. There is minimal remaining development associated with the project. While COVID appeared to boost new home sales, the higher interest rates and current inflation may be slowing sales. Due to these factors, coupled with the amount of product remaining, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue for the builder-owned homes in Cambridge Court by Woodside Homes (see DCF Analysis in Addenda) is **$7,947,440.**

Zone 1 - Woodside Ownership Valuation Total – Cambridge Court

Woodside Homes owns 15 homes over 95 percent complete including three models along with and 29 lots either with houses under construction (under 95 percent complete) or in a finished lot condition within Ontario CFD No. 56. The homes under construction (under 95 percent) have been valued as a finished lot/pad rather than attribute value to a partially complete improvement. The final value conclusion for the builder owned property is shown below.

29 Lots Valuation	$ 8,021,136
Houses (15 Including three models)	7,947,440
Total Woodside Owned Property	**$ 15,968,576**

Individual Owners Value Conclusion – Cambridge Court

In determining the value for the individually owned homes within Cambridge Court, we have considered the concluded base price value for the homes, which is considered a minimum market value. This is due to homebuyers typically purchasing some additional upgrades, options or paying some premiums for the home. The concluded values are shown below:

Cambridge Court (Zone 1):	
Plan 1 (17 x $653,585)	$ 11,110,945
Plan 2 (16 x $663,975)	10,623,600
Plan 3 (29 x $709,500)	20,575,500
Total Individual Ownership Value	**$ 42,310,045**

In an additional review, we have reviewed the builder sales prices for the homes within Cambridge Court, where 62 closings occurred between April 2022 and August 2023. The builders' reported closing prices for the individually owned homes total $44,300,500. It should be noted that the average concession per buyer between April 2022 and October 2022 (38 houses) was $8,605 while the average concession per buyer since October 2022 (24 houses) was $56,678. The concluded current minimum market value of $42,310,045 equates to 4.5 percent less than the actual sales prices. The builder's reported prices include premiums, upgrades and purchased options as well as took into consideration some of the concessions given by the builder. Base pricing within Cambridge Court has increased 6.5 to 11 percent based on the plan. Based on the above information and analysis along with our familiarity with the market, it is our conclusion that the original builder's sales prices further substantiate the concluded minimum market value for the individually owned homes.

Retail House Valuation Analysis – Portion of Zone 2 - NUVO by New Home Co.

NUVO is proposed for 303 detached homes with 161 completed and closed to individuals. The New Home Company owns eight model homes and 22 homes over 95 percent complete for a total of 30 houses. The homes under construction and the remaining lots were valued above. This section will value the builder-owned homes, followed by a value for the individually owned homes using a mass appraisal technique. We have searched

the local Multiple Listing Service ("MLS") and inspected the property and there have not been any resales or current resale listings within NUVO. Below is a summary of the various floor plans. A listing of the improved residential comparable properties is located in the Addenda of this report. All improved residential comparable properties are located within the subject City of Ontario or the neighboring City of Chino.

NUVO Parkside by The New Home Company					
Floor Plan	Bed/ Bath	Floors/ Pkng.	Sq. Ft.	Ind. Owned	Bldr. Owned
Lincoln Plan 1 ("L1")	2 / 2.5	2 / 1	1,082	21	0
Lincoln Plan 2 ("L2")	2 / 2.5	2 / 1	1,044	14	0
Lincoln Plan 2G ("L2G")	2 / 2.5	2 / 2	1,046	14	1
Hyde Plan 1 ("H1")	2 / 2.5	3 / 1	1,197	16	2*
Hyde Plan 2 ("H2")	3 / 2.5	3 / 2	1,550	8	1*
Hyde Plan 3 ("H3")	4 / 3.5	3 / 2	1,727	8	1*
Hyde Plan 4 ("H4")	4 / 3.5	3 / 2	1,809	8	1*
Bryant Plan 1/1X ("B1/1X")	3 / 2.5	2 / 2T	1,370	10	3*
Bryant Plan 2 ("B2")	3 / 2.5	2 / 2	1,536	10	3*
Bryant Plan 3 ("B3")	3 / 2.5	2 / 2	1,475	10	3*
Bryant Plan 4 ("B4")	3 / 2.5	2 / 2	1,675	4	1
Bryant Plan 4X ("B4X")	3 / 2.5	2 / 2	1,754	2	2*
Grant Plan 1 ("G1")	3 / 2.5	2 / 2	1,596-1,597	9	3
Grant Plan 2 ("G2")	4 / 2.5	2 / 2	1,648	18	6
Grant Plan 3 ("G3")	4 / 2.5	2 / 2	1,820-1,845	9	3
Total				**161**	**30**

*Each asterisk designates one model home per that plan. "T" denotes a tandem garage. In addition to the above there are 80 homes under construction and 32 additional finished lots.

The most appropriate new home comparable data for Lincoln at NUVO Parkside Plan L1 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
2 (Subj.)	L1	2 / 2.5	2 / 1	1,082	--
2	L2	2 / 2.5	2 / 1	1,044	$465.52
2	L2G	2 / 2.5	2 / 2	1,046	$480.88
3	H1	2 / 2.5	3 / 1	1,197	$417.71
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $407.58 to $480.88 per square foot. The final base asking price for Lincoln at NUVO Parkside Plan L1 was $448.24 per square foot in May 2023. There have been 21 closings of Lincoln at NUVO Parkside Plan L1 with actual sales prices from $438.99 to $506.46 per square foot. It should be noted this range includes a model home that closed, which makes up the high end of the range at $506.46 per square foot. The highest production (non-model) home to close was priced at $470.27 per square foot. There are no current escrows of Lincoln at NUVO Parkside Plan L1. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Lincoln at NUVO Parkside Plan L1 has a base current market value of $435.00 per square foot. This calculates as follows:

1,082 sf x $435.00 = $470,670

The most appropriate new home comparable data for Lincoln at NUVO Parkside Plan L2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
2 (Subj.)	L2	2 / 2.5	2 / 1	1,044	--
2	L1	2 / 2.5	2 / 1	1,082	$448.24
2	L2G	2 / 2.5	2 / 2	1,046	$480.88
3	H1	2 / 2.5	3 / 1	1,197	$417.71
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $407.58 to $480.88 per square foot. The final base asking price for Lincoln at NUVO Parkside Plan L2 was $465.52 per square foot in May 2023. There have been 14 closings of Lincoln at NUVO Parkside Plan L2 with actual

sales prices from $456.89 to $493.61 per square foot. There are no current escrows of Lincoln at NUVO Parkside Plan L2. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Lincoln at NUVO Parkside Plan L2 has a base current market value of $455.00 per square foot. This calculates as follows:

1,044 sf x $455.00 = $475,020

The most appropriate new home comparable data for Lincoln at NUVO Parkside Plan L2G is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
2 (Subj.)	L2G	2 / 2.5	2 / 2	1,046	--
2	L2	2 / 2.5	2 / 1	1,044	$465.52
2	L1	2 / 2.5	2 / 1	1,082	$448.24
3	H1	2 / 2.5	3 / 1	1,197	$417.71
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $407.58 to $465.52 per square foot. The final base asking price for Lincoln at NUVO Parkside Plan L2G was $480.88 per square foot in May 2023. There have been 14 closings of Lincoln at NUVO Parkside Plan L2G with actual sales prices from $479.91 to $543.01 per square foot. It should be noted this range includes a model home that closed, which makes up the high end of the range at $543.01 per square foot. The highest production (non-model) home to close was priced at $511.46 per square foot. There is one current escrow of Lincoln at NUVO Parkside Plan L2G with an estimated sales price of $507.49 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been

concluded that Lincoln at NUVO Parkside Plan L2G has a base current market value of $470.00 per square foot. This calculates as follows:

1,046 sf x $470.00 = $491,620

The most appropriate new home comparable data for Hyde at NUVO Parkside Plan H1 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	H1	2 / 2.5	3 / 1	1,197	--
2	L1	2 / 2.5	2 / 1	1,082	$448.24
2	L2	2 / 2.5	2 / 1	1,044	$465.52
2	L2G	2 / 2.5	2 / 2	1,046	$480.88
3	H2	3 / 2.5	3 / 2	1,550	$354.19
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. Hyde is a new product offered in Ontario Ranch with three stories rather than two. The comparable new home sales have base prices ranging from $344.53 to $480.88 per square foot. The current base asking price for Hyde at NUVO Parkside Plan H1 is $417.71 per square foot. There have been 16 closings of Hyde at NUVO Parkside Plan H1 with actual sales prices from $409.35 to $447.13 per square foot. There are four current escrows of Hyde at NUVO Parkside Plan H1 with an estimated sales price range of $416.87 to $435.77 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Hyde at NUVO Parkside Plan H1 has a base current market value of $400.00 per square foot. This calculates as follows:

1,197 sf x $400.00 = $478,800

The most appropriate new home comparable data for Hyde at NUVO Parkside Plan H2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	H2	3 / 2.5	3 / 2	1,550	--
3	H1	2 / 2.5	3 / 1	1,197	$417.71
3	H3	4 / 2.5	3 / 2	1,727	$344.53
3	H4	4 / 2.5	3 / 2	1,809	$339.97
4	B2	3 / 2.5	2 / 2	1,536	$384.77
5	G1	3 / 2.5	2 / 2	1,596	$352.13
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97
13	1	3 / 2	2 / 2	1,550	$451.61

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $339.97 to $451.61 per square foot. The current base asking price for Hyde at NUVO Parkside Plan H2 is $354.19 per square foot. There have been eight closings of Hyde at NUVO Parkside Plan H2 with actual sales prices from $337.32 to $386.28 per square foot. There are four current escrows of Hyde at NUVO Parkside Plan H2 with an estimated sales price range of $348.38 to $366.45 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Hyde at NUVO Parkside Plan H2 has a base current market value of $340.00 per square foot. This calculates as follows:

1,550 sf x $340.00 = $527,000

The most appropriate new home comparable data for Hyde at NUVO Parkside Plan H3 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	H3	4 / 3.5	3 / 2	1,727	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
3	H4	4 / 3.5	3 / 2	1,809	$339.97
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	3	3 / 3.5	3 / 2	1,785	$342.29
10	2	3 / 2.5	2 / 2	1,684	$397.27

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $397.27 per square foot. The current base asking price for Hyde at NUVO Parkside Plan H3 is $344.53 per square foot. There have been eight closings of Hyde at NUVO Parkside Plan H3 with actual sales prices from $327.15 to $361.51 per square foot. There are four current escrows of Hyde at NUVO Parkside Plan H3 with an estimated sales price range of $347.42 to $357.26 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Hyde at NUVO Parkside Plan H3 has a base current market value of $330.00 per square foot. This calculates as follows:

1,727 sf x $330.00 = $569,910

The most appropriate new home comparable data for Hyde at NUVO Parkside Plan H4 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	H4	4 / 3.5	3 / 2	1,809	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	3	3 / 3.5	3 / 2	1,785	$342.29
6	4	4 / 3	2 / 2	1,805	$349.02
7	2	3 / 2.5	2 / 2	1,800	$354.72
10	3	4 / 3	2 / 2	1,955	$365.73

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $365.73 per square foot. The current base asking price for Hyde at NUVO Parkside Plan H4 is $339.97 per square foot. There have been eight closings of Hyde at NUVO Parkside Plan H4 with actual sales prices from

$320.61 to $367.22 per square foot. There are five current escrows of Hyde at NUVO Parkside Plan H4 with an estimated sales price range of $337.20 to $352.12 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Hyde at NUVO Parkside Plan H4 has a base current market value of $320.00 per square foot. This calculates as follows:

1,809 sf x $320.00 = $578,880

The most appropriate new home comparable data for Bryant at NUVO Parkside Plan B1/1X is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
4 (Subj.)	B1/1X	3 / 2.5	2 / 2T	1,370	--
4	B2	3 / 2.5	2 / 2	1,536	$384.77
3	H1	2 / 2.5	3 / 1	1,197	$417.71
3	H2	3 / 2.5	3 / 2	1,550	$354.19
4	B3	3 / 2.5	2 / 2	1,475	$412.20
5	G1	3 / 2.5	2 / 2	1,596	$352.13
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. It should be noted that The New Home Company advertises a Bryant Plan 1 and 1X, but they have the same square footage and general features, so they have been valued together here. The comparable new home sales have base prices ranging from $352.13 to $441.64 per square foot. The current base asking price for Bryant at NUVO Parkside Plan B1/1X is $418.25 per square foot. There have been ten closings of Bryant at NUVO Parkside Plan B1/1X with actual sales prices from $396.71 to $452.85 per square foot. There are five current escrows of Bryant at NUVO Parkside Plan B1/1X with an estimated sales price range of $399.26 to $418.97 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Bryant

at NUVO Parkside Plan B1/1X has a base current market value of $395.00 per square foot. This calculates as follows:

1,370 sf x $395.00 = $541,150

The most appropriate new home comparable data for Bryant at NUVO Parkside Plan B2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
4 (Subj.)	B2	3 / 2.5	2 / 2	1,536	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
4	B3	3 / 2.5	2 / 2	1,475	$412.20
5	G1	3 / 2.5	2 / 2	1,596	$352.13
6	1	3 / 2.5	2 / 2	1,450	$407.58
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $352.13 to $441.64 per square foot. The current base asking price for Bryant at NUVO Parkside Plan B2 is $384.77 per square foot. There have been ten closings of Bryant at NUVO Parkside Plan B2 with actual sales prices from $372.34 to $ 395.33 per square foot. There are six current escrows of Bryant at NUVO Parkside Plan B2 with an estimated sales price range of $381.18 to $398.97 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Bryant at NUVO Parkside Plan B2 has a base current market value of $370.00 per square foot. This calculates as follows:

1,536 sf x $370.00 = $568,320

The most appropriate new home comparable data for Bryant at NUVO Parkside Plan B3 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
4 (Subj.)	B3	3 / 2.5	2 / 2	1,475	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
4	B2	3 / 2.5	2 / 2	1,536	$384.77
6	1	3 / 2.5	2 / 2	1,450	$407.58
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97
13	1	3 / 2	2 / 2	1,550	$451.61

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $354.19 to $451.61 per square foot. The current base asking price for Bryant at NUVO Parkside Plan B3 is $412.20 per square foot. There have been ten closings of Bryant at NUVO Parkside Plan B3 with actual sales prices from $389.82 to $410.10 per square foot. There are six current escrows of Bryant at NUVO Parkside Plan B3 with an estimated sales price range of $410.29 to $428.81 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Bryant at NUVO Parkside Plan B3 has a base current market value of $390.00 per square foot. This calculates as follows:

1,475 sf x $390.00 = $575,250

The most appropriate new home comparable data for Bryant at NUVO Parkside Plan B4 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	B4	3 / 2.5	2 / 2	1,675	--
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G2	4 / 2.5	2 / 2	1,648	$347.09
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	2	3 / 2.5	2 / 2	1,684	$397.27
12	2	3 / 2.5	2 / 2	1,660	$400.60
12	3	3 / 3.5	3 / 2	1,780	$365.72

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $344.53 to $400.60 per square foot. The current base asking price for Bryant at NUVO Parkside Plan B4 is $379.70 per square foot. There have been four closings of Bryant at NUVO Parkside Plan B4 with actual sales prices from $356.71 to $379.70 per square foot. There is one current escrow of Bryant at NUVO Parkside Plan B4 with an estimated sales price of $379.30 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Bryant at NUVO Parkside Plan B4 has a base current market value of $350.00 per square foot. This calculates as follows:

1,675 sf x $350.00 = $586,250

The most appropriate new home comparable data for Bryant at NUVO Parkside Plan B4X is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
3 (Subj.)	B4X	3 / 2.5	2 / 2	1,754	--
3	H3	4 / 3.5	3 / 2	1,727	$344.53
3	H4	4 / 3.5	3 / 2	1,809	$339.97
4	B4	3 / 2.5	2 / 2	1,675	$379.70
5	G2	4 / 2.5	2 / 2	1,648	$347.09
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	3	3 / 3.5	3 / 2	1,785	$342.29
7	2	3 / 2.5	2 / 2	1,800	$354.72
10	2	3 / 2.5	2 / 2	1,684	$397.27
12	3	3 / 3.5	3 / 2	1,780	$365.72

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $397.27 per square foot. The current base asking price for Bryant at NUVO Parkside Plan B4X is $362.60 per square foot. There have been two closings of Bryant at NUVO Parkside Plan B4X with actual sales prices from

$354.23 to $364.36 per square foot. There is one current escrow of Bryant at NUVO Parkside Plan B4X with an estimated sales price of $380.37 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Bryant at NUVO Parkside Plan B4X has a base current market value of $345.00 per square foot. This calculates as follows:

1,754 sf x $345.00 = $605,130

The most appropriate new home comparable data for Grant at NUVO Parkside Plan G1 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
5 (Subj.)	G1	3 / 2.5	2 / 2	1,596	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
4	B2	3 / 2.5	2 / 2	1,536	$384.77
5	G2	4 / 2.5	2 / 2	1,648	$347.09
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	2	3 / 2.5	2 / 2	1,684	$397.27
12	2	3 / 2.5	2 / 2	1,660	$400.60

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $347.09 to $400.60 per square foot. The final base asking price for Grant at NUVO Parkside Plan G1 was $352.13 per square foot in May 2023. It should be noted that some Grant G1 floorplans show a total of 1,597 square feet, while others show 1,596 square feet, likely due to exterior elevation differences. The characteristics of the floorplan are the same, and thus the more conservative size has been valued. There have been nine closings of Grant at NUVO Parkside Plan G1 with actual sales prices from $351.28 to $401.06 per square foot. It should be noted this range includes a model home that closed at $394.17 per square foot. There are four current escrows of Grant at NUVO Parkside Plan G1 with an estimated sales price range of $364.34 to $388.03 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value

relates to a base price for the plan less concessions. It has been concluded that Grant at NUVO Parkside Plan G1 has a base current market value of $355.00 per square foot. This calculates as follows:

1,596 sf x $355.00 = $566,580

The most appropriate new home comparable data for Grant at NUVO Parkside Plan G2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
5 (Subj.)	G2	4 / 2.5	2 / 2	1,648	--
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B4	3 / 2.5	2 / 2	1,675	$379.70
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G1	3 / 2.5	2 / 2	1,596	$352.13
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	2	3 / 2.5	2 / 2	1,684	$397.27

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $397.27 per square foot. The final base asking price for Grant at NUVO Parkside Plan G2 was $347.09 per square foot in May 2023. There have been 18 closings of Grant at NUVO Parkside Plan G2 with actual sales prices from $337.99 to $415.42 per square foot. It's important to note that these closings include two model homes. It should be noted this range includes two model homes that closed, which were priced at $372.57 and $386.22 per square foot. There are eight current escrows of Grant at NUVO Parkside Plan G2 with an estimated sales price range of $358.61 to $375.98 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan. It has been concluded that Grant at NUVO Parkside Plan G2 has a base current market value of $350.00 per square foot. This calculates as follows:

1,648 sf x $350.00 = $576,800

The most appropriate new home comparable data for Grant at NUVO Parkside Plan G3 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
5 (Subj.)	G3	4 / 2.5	2 / 2	1,820	--
3	H3	4 / 3.5	3 / 2	1,727	$344.53
3	H4	4 / 3.5	3 / 2	1,809	$339.97
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G2	4 / 2.5	2 / 2	1,648	$347.09
6	4	4 / 3	2 / 2	1,805	$349.02
7	2	3 / 2.5	2 / 2	1,800	$354.72
8	1	3 / 2.5	2 / 2	1,862	$410.85
10	3	4 / 3	2 / 2	1,955	$365.73

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $339.97 to $410.85 per square foot. The final base asking price for Grant at NUVO Parkside Plan G3 was $338.46 per square foot in May 2023. It should be noted that some Grant G3 floorplans show a total of 1,820 square feet, while others show 1,826 and others 1,845 square feet, likely due to exterior elevation differences. The characteristics of the floorplan are the same, and thus the most conservative size has been valued. There have been nine closings of Grant at NUVO Parkside Plan G3 with actual sales prices from $329.26 to $383.85 per square foot. There are four current escrows of Grant at NUVO Parkside Plan G3 with an estimated sales price range of $350.49 to $356.65 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan. It has been concluded that Grant at NUVO Parkside Plan G3 has a base current market value of $340.00 per square foot. This calculates as follows:

1,820 sf x $340.00 = $618,800

Builder Owned Retail Value – NUVO

Within NUVO there are a total of 30 production homes including eight models over 95 percent complete, owned by the builder. Per interviews with builders, upgrades, options, and landscape/hardscape of over $100,000 are installed in subject-like model homes,

however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $40,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Parkside/La Avenida are calculated as follows:

NUVO Parkside (Partial Zone 2):	
Plan L1 (0 x $470,670)	$ 0
Plan L2 (0 x $475,020)	0
Plan L2G (1 x $491,620)	491,620
Plan H1 (2 x $478,800)	957,600
Plan H2 (1 x $527,000)	527,000
Plan H3 (1 x $569,910)	569,910
Plan H4 (1 x $578,880)	578,880
Plan B1/1X (3 x $541,150)	1,623,450
Plan B2 (3 x $568,320)	1,704,960
Plan B3 (3 x $575,250)	1,725,750
Plan B4 (1 x $586,250)	586,250
Plan B4X (2 x $605,130)	1,210,260
Plan G1 (3 x $566,580)	1,699,740
Plan G2 (6 x $576,800)	3,460,800
Plan G3 (3 x $618,800)	1,856,400
Model Upgrades (8 x $40,000)	320,000
Retail Value of Builder-Owned Homes	$17,312,620

Absorption Period

In order to arrive at an absorption period for NUVO, the absorption rates for the subject and surrounding developments have been reviewed. As discussed under the Highest and Best Use section earlier within this report, there is an average sales rate for the entirety of NUVO of 13.4 sales per month per project which is considered a good sales rate during the time. Each project has enjoyed at or above average sales rates, with Grant and Bryant 3.7 sales per month average absorption and Lincoln and Hyde have sales rates of 3.8 homes per month. The Improved Residential Market Data which are considered competition have sales rates from 3.2 to 7.0 sales per month. We have concluded that the subject's 30 homes, the majority of which are in escrow, will be absorbed over a five-month period taking into consideration the absorption rate and the current escrows, along with current market conditions and the rising interest rates.

Remaining Costs

As discussed under the remaining development costs section earlier within this report there is $19,718.31 in remaining land development costs associated with each lot. For the 30 builder-owned homes, this equates to $591,549 in remaining costs. We are assuming that the costs will be spread evenly over the five-month absorption period in our analysis.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the rapidly changing market with increasing interest rates, an eight percent allowance has been estimated for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their workforce. As the market improved, so did the profits. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Ontario Ranch area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales, and product on the subject property

The homes within the subject property appear to be well constructed and have been selling

at good absorption rates. There is minimal remaining development associated with the project. Due to these factors, coupled with the amount of product remaining, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue for the builder-owned homes in NUVO Parkside by the New Home Company (see DCF Analysis in Addenda) is **$12,933,423.**

Zone 2 – New Home Company Valuation Total – NUVO Parkside

New Home Company owns 42 homes over 95 percent complete including nine models along with and 61 lots either with houses under construction (under 95 percent complete) or in a finished lot condition within Ontario CFD No. 56. The homes under construction (under 95 percent) have been valued as a finished lot/pad rather than attribute value to a partially complete improvement. The final value conclusion for the builder owned property is shown below.

61 Lots Valuation	$ 14,657,183
Houses (30 Including eight model homes)	12,933,423
Total New Home Company Owned Property	**$ 27,590,606**

Zone 2 – Arroyo Cap II-1 Ownership – Lot 1 of Tract 20316

Arroyo Cap II-1 owns 51 lots either under construction or in a finished condition. The final value conclusion for the Arroyo Cap II-1 ownership is:

51 Lots Valuation	**$ 12,254,366**

Individual Owners Value Conclusion – NUVO Parkside

In determining the value for the individually owned homes within NUVO Parkside, we have considered the concluded base price value for the homes, which is considered a minimum market value. This is due to homebuyers typically purchasing some additional upgrades, options or paying some premiums for the home. The concluded values are shown on the following page:

NUVO Parkside (Partial Zone 2):	
Plan L1 (21 x $470,670)	$ 9,884,070
Plan L2 (14 x $475,020)	6,650,280
Plan L2G (14 x $491,620)	6,882,680
Plan H1 (16 x $478,800)	7,660,800
Plan H2 (8 x $527,000)	4,216,000
Plan H3 (8 x $569,910)	4,559,280
Plan H4 (8 x $578,880)	4,631,040
Plan B1/1X (10 x $541,150)	5,411,500
Plan B2 (10 x $568,320)	5,683,200
Plan B3 (10 x $575,250)	5,752,500
Plan B4 (4 x $586,250)	2,345,000
Plan B4X (2 x $605,130)	1,210,260
Plan G1 (9 x $566,580)	5,099,220
Plan G2 (18 x $576,800)	10,382,400
Plan G3 (9 x $618,800)	5,569,200
Total Individual Ownership Value	**$ 85,937,430**

In an additional review, we have reviewed the builder sales prices for the homes within NUVO, where 161 closings occurred between September 2022 and August 2023. The builders' reported closing prices for the individually owned homes total $90,262,071. The concluded current minimum market value of $85,937,430 equates to 4.8 percent less than the actual sales prices. The builder's reported prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder, including the interest rate buy-downs which are not included in the reported sales prices. Based on the above information and analysis along with our familiarity with the market, it is our conclusion that the original builder's sales prices further substantiate the concluded minimum market value for the individually owned homes.

Retail House Valuation Analysis – Zone 3 – Fairhaven at Park Place by Lennar

Fairhaven is proposed for 73 generally detached homes with one completed and closed. Lennar owns four model homes and 19 homes over 95 percent complete for a total of 23 houses within Ontario CFD No. 56. The homes under construction and the remaining lots were valued above. This section will value the builder-owned homes, followed by a value for the individually owned homes using a mass appraisal technique. Three of the four plans are detached while the remaining plan has one garage wall attached to the adjacent

garage wall. We have searched the local Multiple Listing Service ("MLS") and inspected the property and there have not been any resales or current resale listings within Fairhaven. Below is a summary of the various floor plans. A listing of the improved residential comparable properties is located in the Addenda of this report. All improved residential comparable properties are located within the subject City of Ontario or the neighboring City of Chino.

Fairhaven at Park Place by Lennar					
Floor Plan	Bed/ Bath	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Plan 1	3 / 2.5	2 / 2	1,450	0	5*
Plan 2	3 / 2.5	2 / 2	1,638	0	9*
Plan 3	3 / 3.5	3 / 2	1,785	0	4*
Plan 4	4 / 3	2 / 2	1,805	1	5*
Total				**1**	**23**

*Each asterisk designates one model home per that plan. In addition to the above there are 26 homes under construction and 23 additional finished lots.

The most appropriate new home comparable data for Fairhaven at Park Place Plan 1 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
6 (Subj.)	1	3 / 2.5	2 / 2	1,450	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
4	B1/1X	3 / 2.5	2 / 2T	1,370	$418.25
4	B3	3 / 2.5	2 / 2	1,475	$412.20
5	G1	3 / 2.5	2 / 2	1,596	$352.13
6	2	3 / 2.5	2 / 2	1,638	$381.56
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	1	3 / 2.5	2 / 2	1,465	$441.64
12	1	3 / 2.5	2 / 2	1,470	$431.97

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $352.13 to $441.64 per square foot. The current base asking price for Fairhaven at Park Place Plan 1 is $407.58 per square foot. It should be noted that while Lennar is marketing the Fairhaven Plan 1 at 1,450 square feet, the sales information provided to the appraisal team shows the plan at 1,470 square feet. We have assumed the characteristics of the floorplan are the same, and thus the most conservative size has been valued. There have been no closings of Fairhaven at Park Place Plan 1.

There are six current escrows of Fairhaven at Park Place Plan 1 with an estimated sales price range of $339.97 to $377.54 per square foot with the oldest sale being the lowest price and the subsequent sales higher prices. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Fairhaven at Park Place Plan 1 has a base current market value of $350.00 per square foot. This calculates as follows:

1,450 sf x $350.00 = $507,500

The most appropriate new home comparable data for Fairhaven at Park Place Plan 2 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
6 (Subj.)	2	3 / 2.5	2 / 2	1,638	--
3	H2	3 / 2.5	3 / 2	1,550	$354.19
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B2	3 / 2.5	2 / 2	1,536	$384.77
4	B4	3 / 2.5	2 / 2	1,675	$379.70
5	G2	4 / 2.5	2 / 2	1,648	$347.09
6	3	3 / 3.5	3 / 2	1,785	$342.29
7	1	3 / 2.5	2 / 2	1,618	$385.82
10	2	3 / 2.5	2 / 2	1,684	$397.27
12	2	3 / 2.5	2 / 2	1,660	$400.60

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $342.29 to $400.60 per square foot. The current base asking price for Fairhaven at Park Place Plan 2 is $381.56 per square foot. There have been no closings of Fairhaven at Park Place Plan 2. There are twelve current escrows of Fairhaven at Park Place Plan 2 with an estimated sales price range of $312.53 to $372.97 per square foot with the oldest sale amount being the lowest sale and subsequent sales prices higher. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Fairhaven

at Park Place Plan 2 has a base current market value of $330.00 per square foot. This calculates as follows:

1,638 sf x $330.00 = $540,540

The most appropriate new home comparable data for Fairhaven at Park Place Plan 3 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
6 (Subj.)	3	3 / 3.5	3 / 2	1,785	--
3	H3	4 / 3.5	3 / 2	1,727	$344.53
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	2	3 / 2.5	2 / 2	1,638	$381.56
6	4	4 / 3	2 / 2	1,805	$349.02
7	2	3 / 2.5	2 / 2	1,800	$354.72
8	1	3 / 2.5	2 / 2	1,862	$410.85
10	2	3 / 2.5	2 / 2	1,684	$397.27
12	3	3 / 3.5	3 / 2	1,780	$365.72

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $410.85 per square foot. The current base asking price for Fairhaven at Park Place Plan 3 is $342.29 per square foot. There have been no closings of Fairhaven at Park Place Plan 3. There are six current escrows of Fairhaven at Park Place Plan 3 with an estimated sales price range of $292.96 to $328.78 per square foot with the lowest price escrow the earliest date of sale and subsequent prices higher. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Fairhaven at Park Place Plan 3 has a base current market value of $300.00 per square foot. This calculates as follows:

1,785 sf x $300.00 = $535,500

The most appropriate new home comparable data for Fairhaven at Park Place Plan 4 is:

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
6 (Subj.)	4	4 / 3	2 / 2	1,805	--
3	H4	4 / 3.5	3 / 2	1,809	$339.97
4	B4X	3 / 2.5	2 / 2	1,754	$362.60
5	G3	4 / 2.5	2 / 2	1,820	$338.46
6	3	3 / 3.5	3 / 2	1,785	$342.29
7	2	3 / 2.5	2 / 2	1,800	$354.72
8	1	3 / 2.5	2 / 2	1,862	$410.85
12	3	3 / 3.5	3 / 2	1,780	$365.72
12	4	4 / 3	2 / 2	1,790	$385.47

The subject market includes comparable products located within Ontario and Chino. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, stories, lot size/density, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space, and other amenities. The comparable new home sales have base prices ranging from $338.46 to $410.85 per square foot. The current base asking price for Fairhaven at Park Place Plan 4 is $349.02 per square foot. There has been one closing of Fairhaven at Park Place Plan 4 with an actual sales price of $295.47 per square foot. There are eight current escrows of Fairhaven at Park Place Plan 4 with an estimated sales price range of $284.77 to $334.34 per square foot with the lowest price the earliest sales and subsequent sales higher. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder, while the concluded value relates to a base price for the plan less concessions. It has been concluded that Fairhaven at Park Place Plan 4 has a base current market value of $305.00 per square foot. This calculates as follows:

1,805 sf x $305.00 = $550,525

Builder Owned Retail Value – Fairhaven at Park Place by Lennar

Within the subject property there are a total of 19 production homes and four models over 95 percent complete owned by the builder. Per interviews with builders, upgrades, and landscape/hardscape of over $100,000 are installed in subject-like model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $40,000 premium has been included with each of

the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Fairhaven at Park Place are calculated as follows:

Fairhaven at Park Place (Zone 3):	
Plan 1 (5 x $507,500)	$ 2,537,500
Plan 2 (9 x $540,540)	4,864,860
Plan 3 (4 x $535,500)	2,142,000
Plan 4 (5 x $550,525)	2,752,625
Model Upgrades (4 x $40,000)	160,000
Retail Value of Builder-Owned Homes	$12,456,985

Absorption Period

In order to arrive at an absorption period for Fairhaven, the absorption rates for the subject and surrounding developments have been reviewed. As discussed under the Highest and Best Use section earlier within this report, there is an average sales rate for Fairhaven of 4.7 sales per month, however only one home has closed due to the construction completion of the homes. This is considered a very good sales rate and the highest sales rate of the subject communities. The Improved Residential Market Data which are considered competition have sales rates from 3.2 to 7.0 sales per month. We have concluded that the subject's 23 homes, 18 of which are currently in escrow, will be absorbed over a three-month period taking into consideration the absorption rate and the current escrows, along with current market conditions and the rising interest rates.

Remaining Costs

As discussed under the remaining development costs section earlier within this report there are $39,093.26 in remaining land development costs associated with each lot. For the 23 builder-owned homes, this equates to $899,145 in remaining costs. We are assuming that the costs will be spread evenly over the three-month absorption period in our analysis.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the rapidly changing market with increasing interest rates, an eight percent allowance has been

estimated for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their workforce. As the market improved, so did the profits. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Ontario Ranch area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales, and product on the subject property

The homes within the subject property appear to be well constructed and have been selling at good absorption rates. There is minimal remaining development associated with the project. While COVID appeared to boost new home sales, the higher interest rates and current inflation may be slowing sales. Due to these factors, coupled with the amount of product remaining, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue for the builder-owned homes in Fairhaven at Park Place by Lennar (see DCF Analysis in Addenda) is **$8,917,408.**

Builder Ownership Valuation Total – Fairhaven at Park Place by Lennar

Lennar Ownership (Zone 3)

Lennar owns 23 homes over 95 percent complete and 49 homes which are either under construction or in a finished lot condition (under 95 percent complete) within Ontario CFD No. 56. The homes under construction (under 95 percent) have been valued as a finished

lot/pad rather than attribute value to a partially complete improvement. The final value conclusion for the builder owned property is shown below.

Finished Lots Valuation (49 Lots)	$ 8,864,430
Houses (23 Homes)	8,917,408
Total Lennar Owned Property	**$ 17,781,838**

Individual Owners Value Conclusion – Fairhaven at Park Place by Lennar

In determining the value for the individually owned homes within Fairhaven, we have considered the concluded base price value for the homes, which is considered a minimum market value. This is due to homebuyers typically purchasing some additional upgrades, options or pay some premiums for the home. It should be noted that the only closed home was sold February, 2023 and there have been price increases since that time. The concluded values are shown below:

Fairhaven at Park Place (Zone 3):	
Plan 1 (0 x $507,500)	$ 0
Plan 2 (0 x $540,540)	0
Plan 3 (0 x $535,500)	0
Plan 4 (1 x $550,525)	550,525
Total Individual Ownership Value	**$ 550,525**

In an additional review, we have reviewed the builder sales price for the home within Fairhaven that closed. The builders' reported net closing price for the individually owned home is $533,320. It should be noted this was net of all concessions and incentives and that the closing cost and lender incentives are not included in reported sales prices. The public record sales price of the home was $586,500. The concluded current minimum market value of $550,525 equates to 3.1 percent HIGHER than the actual sales price. Base pricing at project opening in January 2023 ranged from $542,990 to $572,990 while current base pricing is from $590,990 to $629,990 which equates to increases from 6.6 percent to 10.3 percent depending on the plan. The lender concessions have remained consistent since opening. The builder's reported prices include premiums, upgrades and purchased options as well as taking into consideration the concessions given by the builder. Based on the above information and analysis along with our familiarity with the market, it is our conclusion that the original builder's sales price further substantiates the concluded minimum market value for the individually owned homes.

APPRAISAL REPORT SUMMARY

The appraisal assignment was to value Ontario CFD No. 56. The entirety of the CFD is known as Parkside/La Avenida and is made up of three non-contiguous Zones in the Ontario Ranch area of the City of Ontario which consist of three communities and a vacant lot. Zone 1 includes Cambridge Court by Woodside Homes; Zone 2 includes NUVO Parkside by New Home Company and a Vacant Parcel owned by Lewis; and Zone 3 includes Fairhaven at Park Place by Lennar. There are a total of 482 proposed lots which are detailed as Cambridge Court (Zone 1) by Woodside Homes (106 proposed homes covered by Tract Map 20298); NUVO Parkside (Portion of Zone 2) by the New Home Company (303 proposed single family homes covered by Tract Map 20316 and subsequent Condo Maps); a vacant parcel (Portion of Zone 2) owned by Lewis (Lot 1 of Tract Map 20316) and lastly Fairhaven at Park Place (Zone 3) by Lennar (73 proposed homes covered by Tract Map 20389 and subsequent Condo Maps). As of August 7, 2023, individuals have purchased and closed 224 of the total 482 proposed houses, and there are an additional 116 homes in escrow which are due to close upon completion. The communities have all had average to strong sales rates. All structures appear to be in excellent condition with no visible depreciation. We have reviewed builder sales and reviewed the local MLS for current listings or resales.

The subject properties were valued utilizing the Sales Comparison Approach to value, a Discounted Cash Flow Analysis, and a Mass Appraisal Technique for the individually owned homes. A minimum value was determined by concluding at a base value for the individually owned homes. The valuation took into account the improvements/benefits to be funded by the special tax Ontario CFD No. 56 bond proceeds along with the Ontario CFD No. 56 special tax lien. The concluded aggregate value for the subject properties, subject to their respective special tax lien, is:

Zone 1	
Woodside Ownership (15 houses and 29 lots)	$ 15,968,576
Individual Owners - (62 houses)	42,310,045
Subtotal Zone 1	$ 58,278,621
Zone 2	
NHC Ownership (30 houses and 61 lots)	$ 27,590,606
Arroyo Cap II-1 Ownership (51 lots)	12,254,366
Individual Owners (161 houses)	85,937,430
Lewis Ownership (Lot 1 of Tract 20316)	24,156,660
Subtotal Zone 2	$149,939,062
Zone 3	
Lennar Ownership (23 houses and 49 lots)	$ 17,781,838
Individuals (1 home)	550,525
Subtotal Zone 3	$ 18,332,363
Aggregate Total for CFD No. 56	**$ 226,550,046**

The above values are stated as of said date of value and subject to the attached Assumptions and Limiting Conditions and Appraiser's Certification.

APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions, and conclusions.

3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.

4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

6. Analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

7. Kitty Siino has made a personal inspection of the property that is the subject of this report.

8. Kitty Siino has not performed any appraisal services on the subject property in the past three years.

9. No other appraisers have provided significant professional assistance to the persons signing this report.

10. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12. As of the date of this report, Kitty Siino has completed the requirements of the continuing education program of the Appraisal Institute.



Kitty S. Siino, MAI
State Certified General
Real Estate Appraiser (AG004793)

ADDENDA

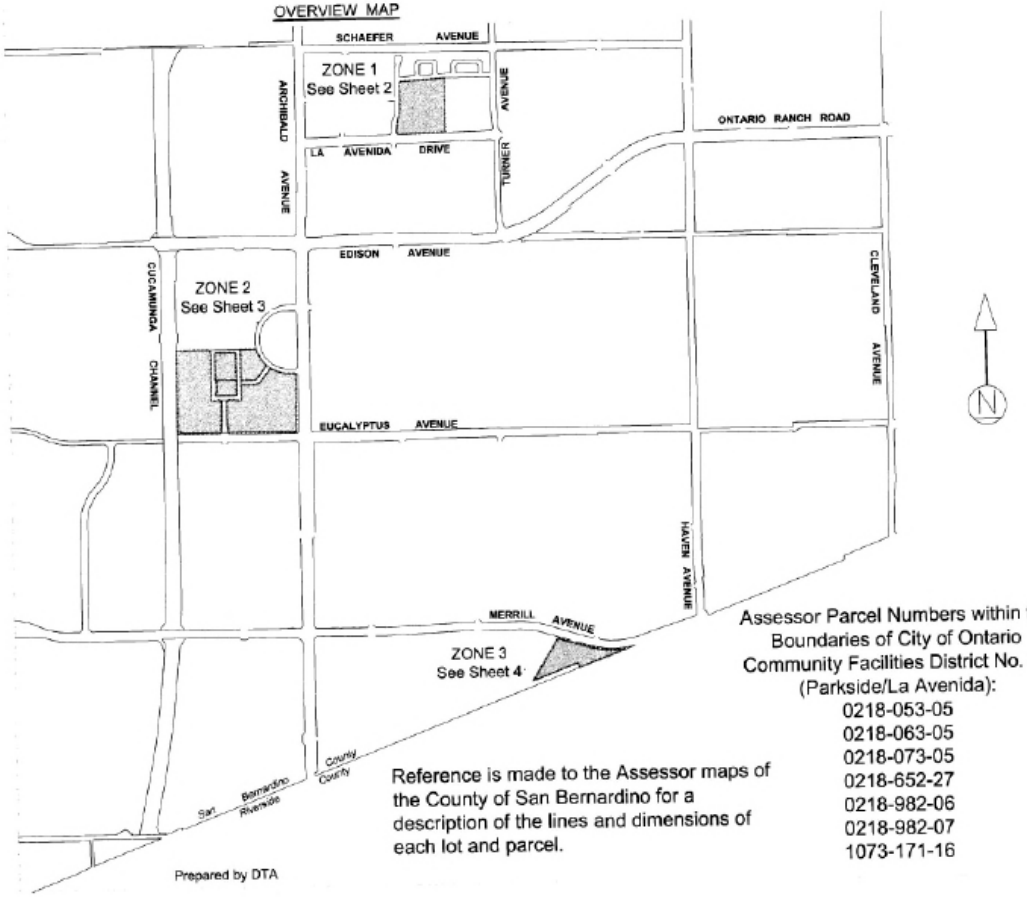
ONTARIO CFD NO. 56 BOUNDARY MAPS

Conformed Copy

SHEET 1 OF 4

PROPOSED BOUNDARIES OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA

OVERVIEW MAP



Reference is made to the Assessor maps of the County of San Bernardino for a description of the lines and dimensions of each lot and parcel.

Assessor Parcel Numbers within the Boundaries of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida):

0218-053-05
0218-063-05
0218-073-05
0218-652-27
0218-982-06
0218-982-07
1073-171-16

(1) Filed in the office of the Clerk of the City of Ontario this 16th day of November, 2021.

Karen M Harrison, Deputy City Clerk
for Sheila Mautz, Clerk of the City of Ontario, California

(2) I hereby certify that the within map showing the proposed boundaries of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida), County of San Bernardino, State of California, was approved by the City Council of the City of Ontario at a regular meeting thereof, held on the 16th day of November, 2021, by its Resolution No. 2021-171.

Karen M Harrison, Deputy City Clerk
for Sheila Mautz, Clerk of the City of Ontario, California

San Bernardino County Recorder's Certificate

This map has been filed under Document Number 2021-0522240, this 18th day of Nov, 2021, at 10:56A.m., in Book 89 of Maps of Assessment and Community Facilities Districts at pages 97-100, in the office of the county recorder in the County of San Bernardino, State of California, at the request of the City of Ontario in the amount of $ 23.00.

Bob Dutton
Assessor-Recorder
County of San Bernardino

By: _____
Deputy Recorder

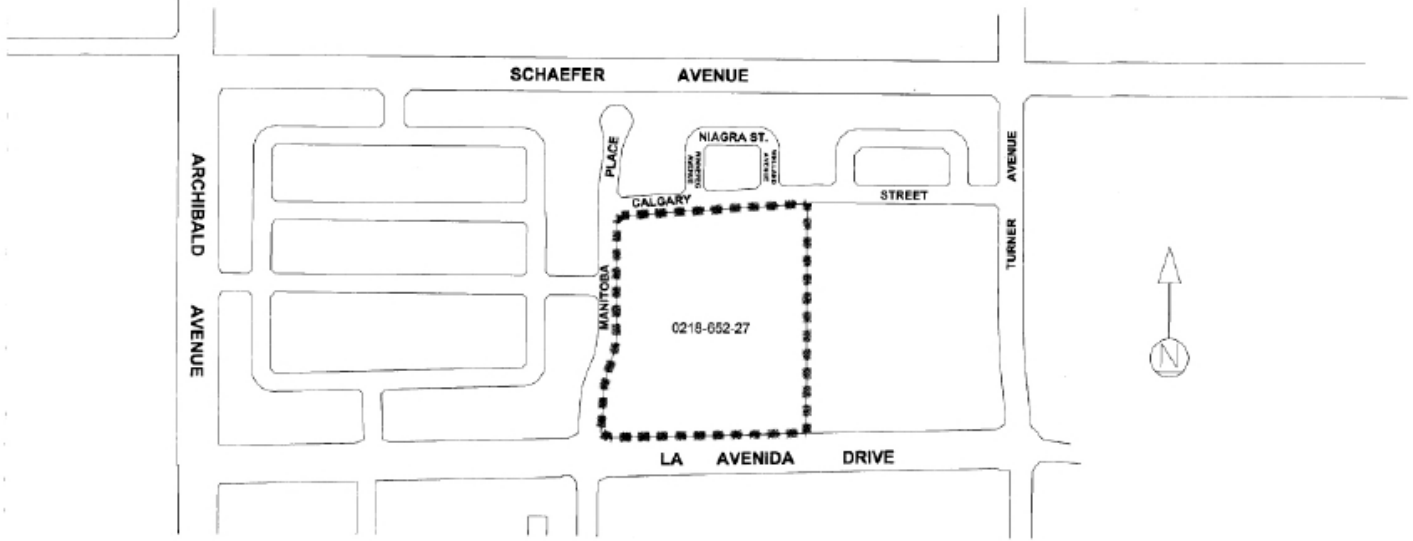
SHEET 2 OF 4

PROPOSED BOUNDARIES OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA

ZONE 1

LEGEND

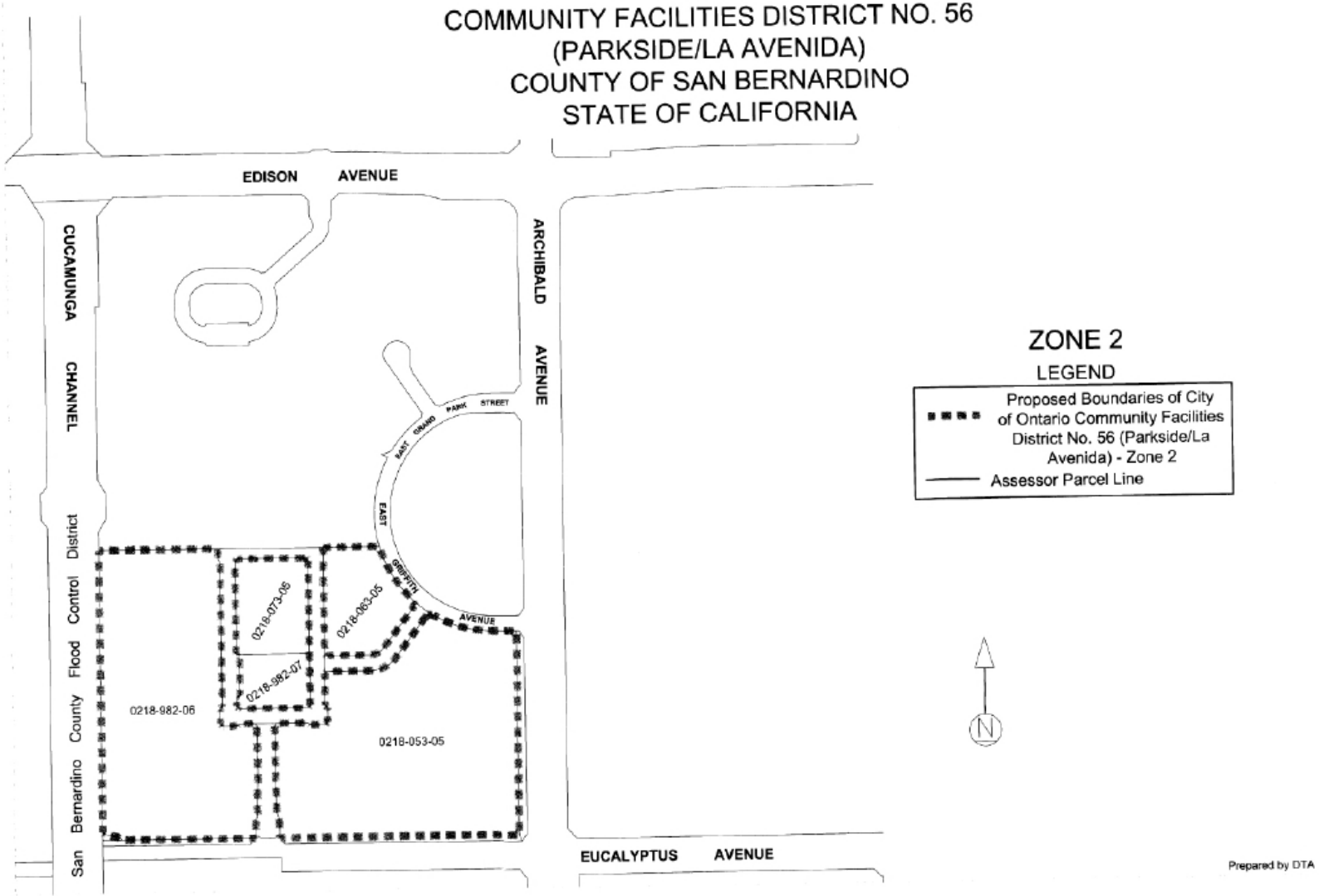
- Proposed Boundaries of City of Ontario Community Facilities District No. 56 (Parkside/La Avenida) - Zone 1
- Assessor Parcel Line



Prepared by DTA

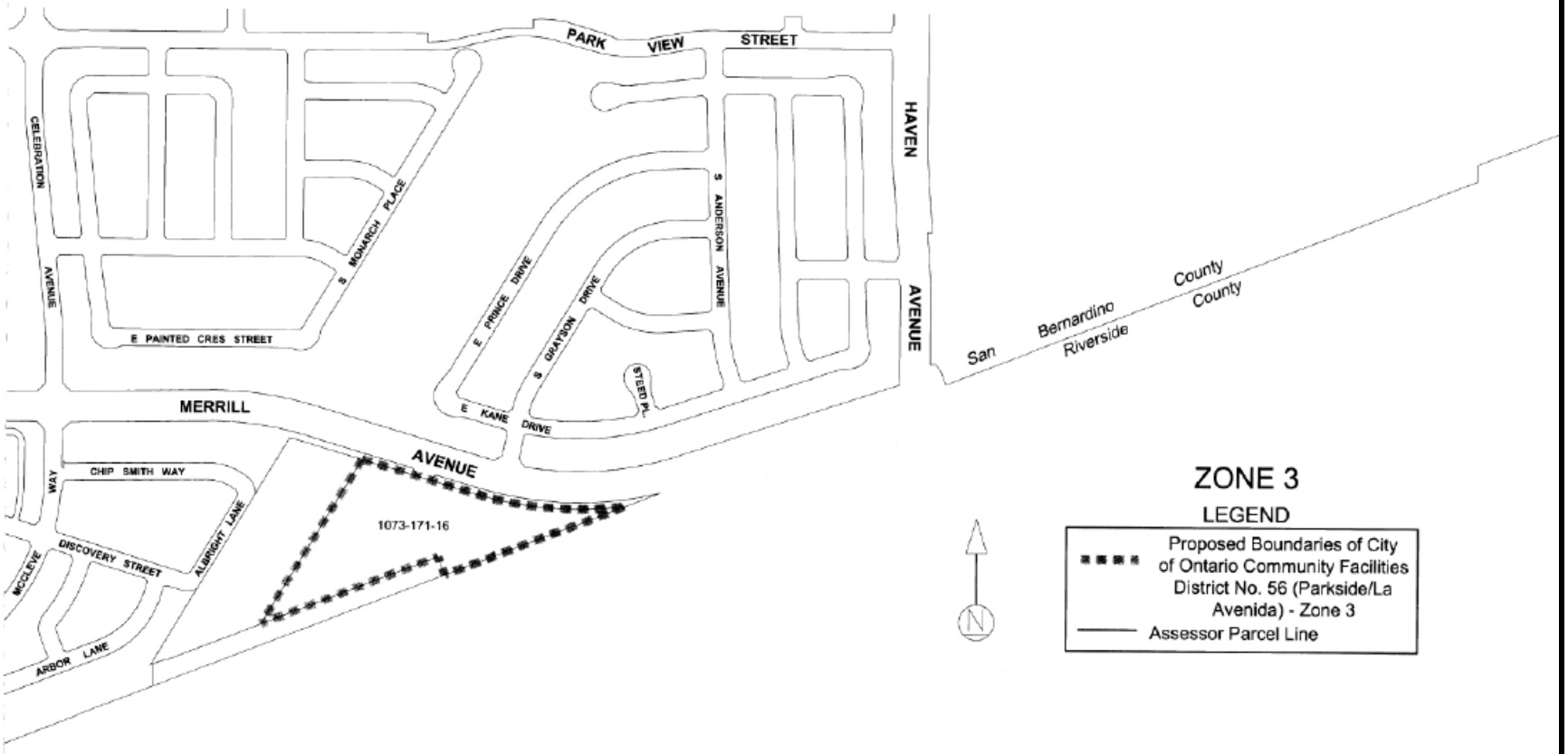
SHEET 3 OF 4

PROPOSED BOUNDARIES OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 56 (PARKSIDE/LA AVENIDA) COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA



SHEET 4 OF 4

PROPOSED BOUNDARIES OF
CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 56
(PARKSIDE/LA AVENIDA)
COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA



Prepared by DTA

TRACT MAP Nos. 20298, 20316, and 20389

NUMBERED LOTS = 106
LETTERED LOTS = 19
GROSS ACREAGE = 10.486 ACRES
NET ACREAGE = 7.883 ACRES

SHEET 4 OF 6 SHEETS

TRACT MAP NO. 20298

IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA

BEING A SUBDIVISION OF LOT Z OF TRACT MAP 18419,
AS PER MAP FILED IN BOOK 348, PAGES 79 THROUGH 91, INCLUSIVE, OF MAPS,
IN THE OFFICE OF THE RECORDER OF SAN BERNARDINO COUNTY.

HUNSAKER AND ASSOCIATES IRVINE, INC.
ROBERT L. WHEELER IV, L.S. 8639 DATE OF SURVEY: JUNE, 2019

NOTES:

LOTS 1 THROUGH 106, INCLUSIVE, ARE FOR RESIDENTIAL PURPOSES.

LOTS A AND B ARE FOR PRIVATE STREET PURPOSES.

LOTS C THROUGH O, INCLUSIVE, ARE FOR PRIVATE ALLEY PURPOSES AND ARE NOT SEPARATE BUILDING SITES.

LOTS P THROUGH R, INCLUSIVE, ARE FOR LANDSCAPE/OPEN SPACE PURPOSES AND ARE NOT SEPARATE BUILDING SITES.

LOT S IS FOR PARK PURPOSES.

EASEMENT NOTES:

(A) INDICATES AN EASEMENT FOR PUBLIC UTILITY PURPOSES RESERVED HEREON.

(B) INDICATES AN EASEMENT FOR PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF ONTARIO.

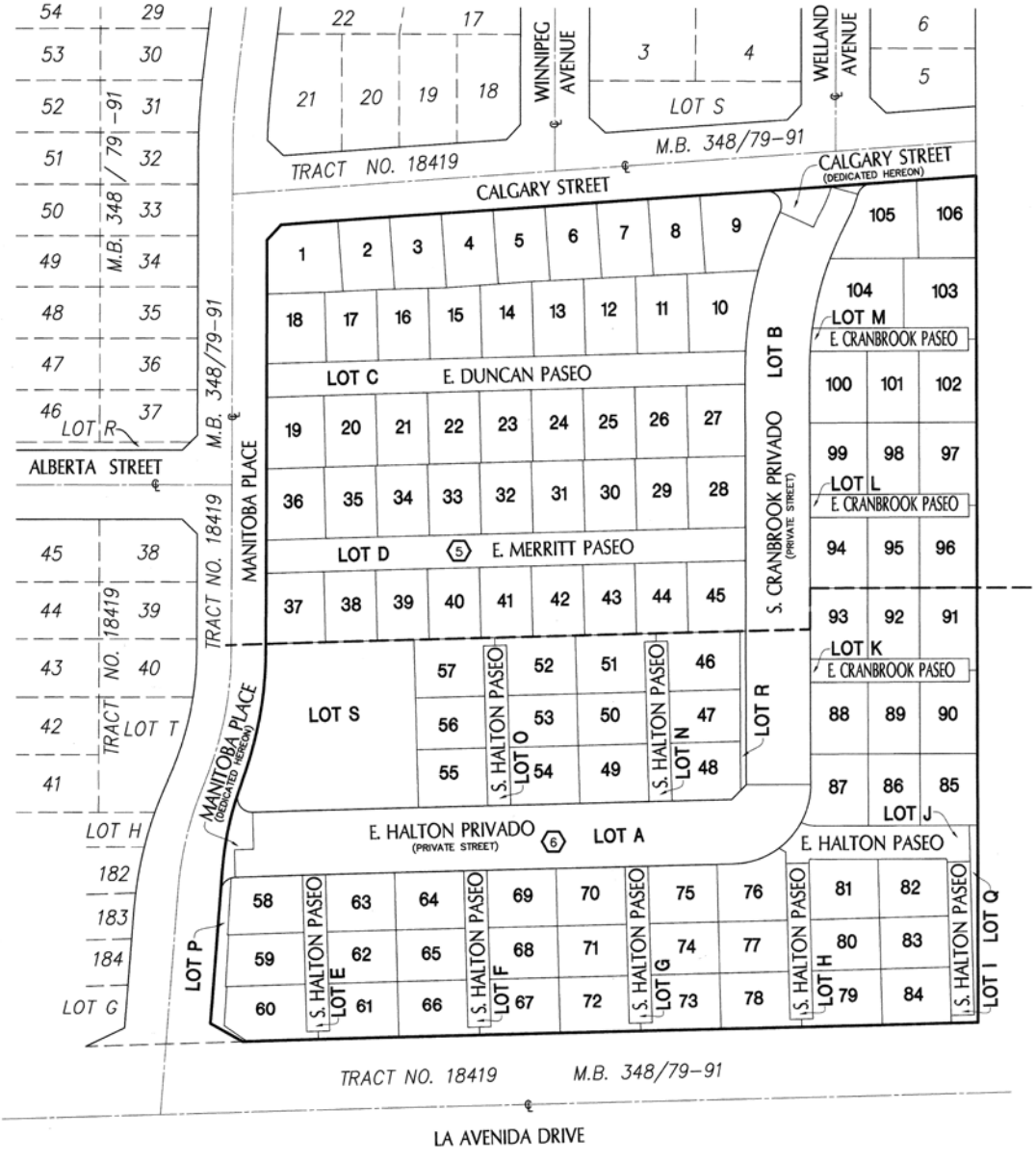
SHEET INDEX MAP

(#) INDICATES SHEET NUMBER

— — — INDICATES SHEET LIMIT

SCALE 1" = 60'

0 30 60 120 180 240
SCALE: 1" = 60'



SEE SHEET 2 FOR NOTARY ACKNOWLEDGMENTS.
SEE SHEET 3 FOR BOUNDARY ESTABLISHMENT, BASIS OF BEARING, DATUM STATEMENT, RECORD DATA NOTES AND MONUMENT NOTES.

TOTAL NUMBERED LOTS: 4
TOTAL LETTERED LOTS: 9
TOTAL NET AREA: 51.192 ACRES
TOTAL GROSS AREA: 55.847 ACRES

TRACT MAP NO. 20316

IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

BEING ALL OF LOTS 4, 6, 9, 10, 11, 12, 13, 14, PORTION OF LOT F, AND LOTS G, H, K, AND M OF TRACT NO. 18048, AS PER MAP RECORDED IN BOOK 334, PAGES 10 THROUGH 15, INCLUSIVE OF MAPS, THOSE PORTIONS OF PARK VISTA DRIVE AND PARKSIDE DRIVE PER QUITCLAIM RECORDED 02-10-2021 AS INSTRUMENT NO. 2021-0050868, OFFICIAL RECORDS, ALL ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

RICK ENGINEERING COMPANY

FOR CONDOMINIUM PURPOSES

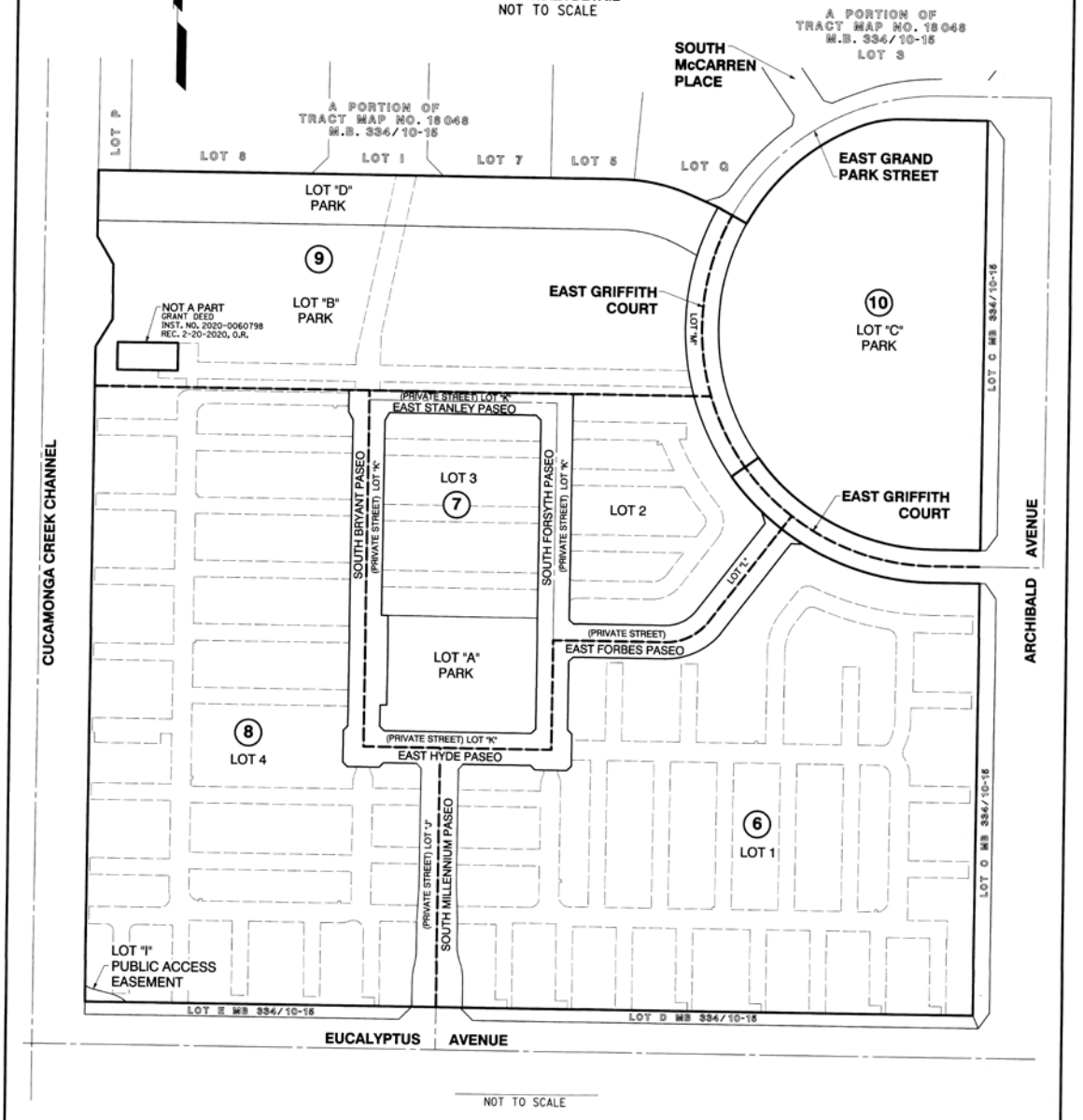
APRIL 2020

SHEET 5 OF 10 SHEETS

NOTES

1. SEE SHEET NO. 3 FOR MONUMENT NOTES, BASIS OF BEARINGS AND RECORD DATA FOR BOUNDARY.
2. SEE SHEET NO. 4 FOR SURVEYOR'S NOTES AND VICINITY MAP.

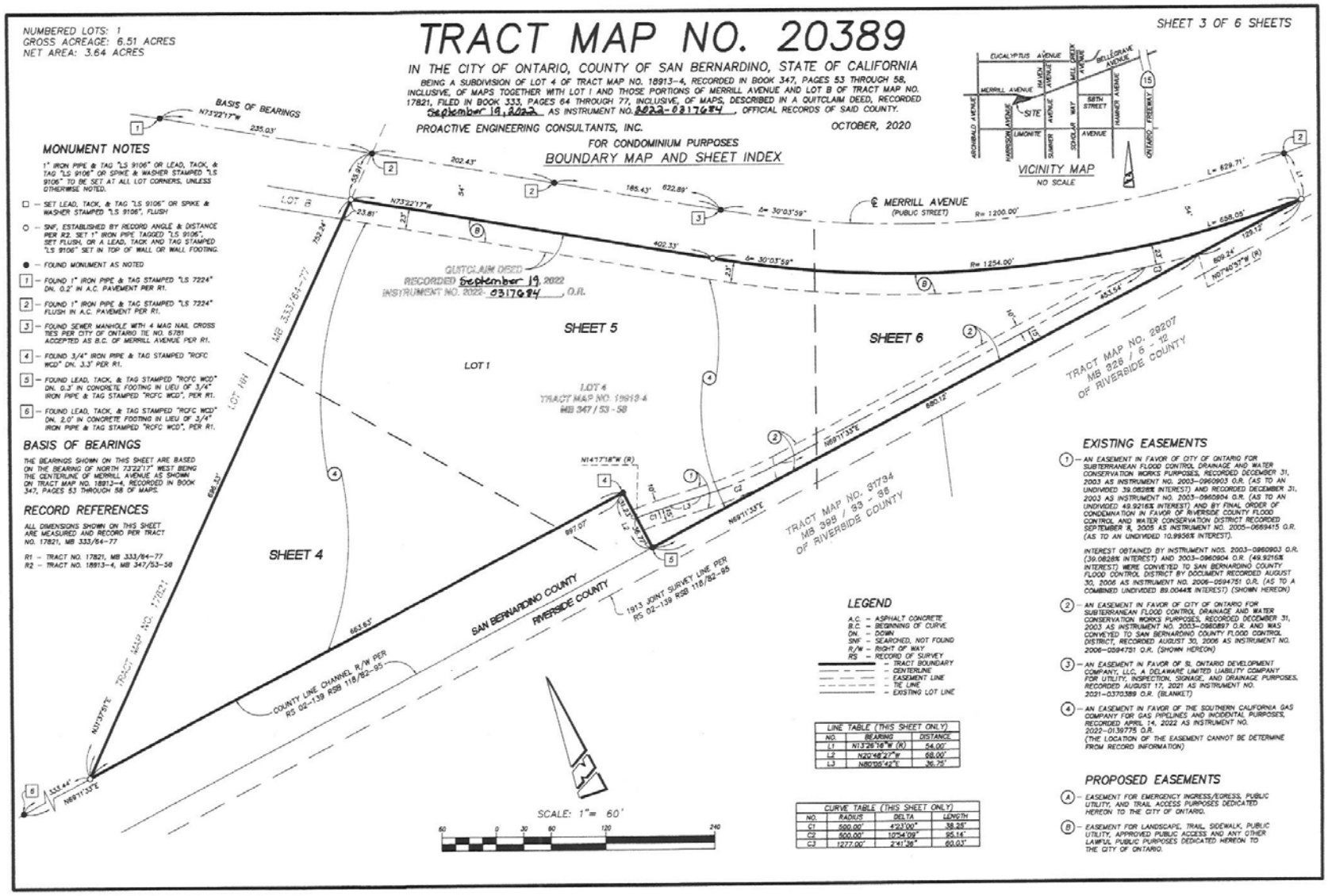
SHEET INDEX DETAIL
NOT TO SCALE



NOT TO SCALE

EASEMENT NOTES

1. A EASEMENT FOR PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF ONTARIO.
2. A BLANKET EASEMENT FOR EMERGENCY AND SERVICE VEHICULAR ACCESS PURPOSES DEDICATED HEREON TO THE CITY OF ONTARIO.
3. A 10 FOOT WIDE EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION FOR ELECTRICAL SUPPLY AND COMMUNICATIONS SYSTEMS AND INCIDENTAL PURPOSES RECORDED 1-30-2019 AS INST. NO. 2019-0030311, O.R.
4. AN EASEMENT FOR POLE LINES AND UTILITIES AND INCIDENTAL PURPOSES IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION RECORDED 12-6-1910 IN BOOK 450, PAGE 361, OF DEEDS. EASEMENT CANNOT BE DETERMINED FROM RECORD.


NUMBERED LOTS: 1
GROSS ACREAGE: 6.51 ACRES
NET AREA: 3.64 ACRES
TRACT MAP NO. 20389
IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
BEING A SUBDIVISION OF LOT 4 OF TRACT MAP NO. 18913-4, RECORDED IN BOOK 347, PAGES 53 THROUGH 58, INCLUSIVE, OF MAPS TOGETHER WITH LOT 1 AND THOSE PORTIONS OF MERRILL AVENUE AND LOT B OF TRACT MAP NO. 17821, FILED IN BOOK 333, PAGES 64 THROUGH 77, INCLUSIVE, OF MAPS, DESCRIBED IN A QUITCLAIM DEED, RECORDED September 19, 2022 AS INSTRUMENT NO. 2022-0317684, OFFICIAL RECORDS OF SAID COUNTY.
PROACTIVE ENGINEERING CONSULTANTS, INC.
OCTOBER, 2020
FOR CONDOMINIUM PURPOSES
BOUNDARY MAP AND SHEET INDEX
SHEET 3 OF 6 SHEETS
VICINITY MAP
NO SCALE
MONUMENT NOTES
BASIS OF BEARINGS
RECORD REFERENCES
QUITCLAIM DEED RECORDED September 19, 2022 INSTRUMENT NO. 2022-0317684, O.R.
SHEET 4
SHEET 5
SHEET 6
LOT 1
LOT 4 TRACT MAP NO. 18913-4 MB 347/53-58
LOT B
LOT 111
TRACT MAP NO. 17821
MB 333/64-77
TRACT MAP NO. 20207 MB 926/6-12 OF RIVERSIDE COUNTY
TRACT MAP NO. 31734 MB 389/33-36 OF RIVERSIDE COUNTY
SAN BERNARDINO COUNTY
RIVERSIDE COUNTY
1913 JOINT SURVEY LINE PER RS 02-139 RSB 118/82-95
COUNTY LINE CHANNEL R/W PER RS 02-139 RSB 118/82-95
℄ MERRILL AVENUE (PUBLIC STREET)
SCALE: 1" = 60'
LEGEND
A.C. – ASPHALT CONCRETE
B.C. – BEGINNING OF CURVE
DN. – DOWN
SNF – SEARCHED, NOT FOUND
R/W – RIGHT OF WAY
RS – RECORD OF SURVEY
– TRACT BOUNDARY
– CENTERLINE
– EASEMENT LINE
– TIE LINE
– EXISTING LOT LINE
LINE TABLE (THIS SHEET ONLY)
NO. | BEARING | DISTANCE
L1 | N13°26'16"W (R) | 54.00'
L2 | N20°48'27"W | 60.00'
L3 | N80°06'42"E | 36.75'
CURVE TABLE (THIS SHEET ONLY)
NO. | RADIUS | DELTA | LENGTH
C1 | 500.00' | 4°23'00" | 38.25'
C2 | 500.00' | 10°54'09" | 95.14'
C3 | 1277.00' | 2°41'36" | 60.03'
EXISTING EASEMENTS
1 – AN EASEMENT IN FAVOR OF CITY OF ONTARIO FOR SUBTERRANEAN FLOOD CONTROL DRAINAGE AND WATER CONSERVATION WORKS PURPOSES, RECORDED DECEMBER 31, 2003 AS INSTRUMENT NO. 2003-0960903 O.R. (AS TO AN UNDIVIDED 39.0828% INTEREST) AND RECORDED DECEMBER 31, 2003 AS INSTRUMENT NO. 2003-0960904 O.R. (AS TO AN UNDIVIDED 49.9216% INTEREST) AND BY FINAL ORDER OF CONDEMNATION IN FAVOR OF RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT RECORDED SEPTEMBER 8, 2005 AS INSTRUMENT NO. 2005-0689415 O.R. (AS TO AN UNDIVIDED 10.9956% INTEREST).
INTEREST OBTAINED BY INSTRUMENT NOS. 2003-0960903 O.R. (39.0828% INTEREST) AND 2003-0960904 O.R. (49.9216% INTEREST) WERE CONVEYED TO SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT BY DOCUMENT RECORDED AUGUST 30, 2006 AS INSTRUMENT NO. 2006-0594751 O.R. (AS TO A COMBINED UNDIVIDED 89.0044% INTEREST) (SHOWN HEREON)
2 – AN EASEMENT IN FAVOR OF CITY OF ONTARIO FOR SUBTERRANEAN FLOOD CONTROL DRAINAGE AND WATER CONSERVATION WORKS PURPOSES, RECORDED DECEMBER 31, 2003 AS INSTRUMENT NO. 2003-0960897 O.R. AND WAS CONVEYED TO SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT, RECORDED AUGUST 30, 2006 AS INSTRUMENT NO. 2006-0594751 O.R. (SHOWN HEREON)
3 – AN EASEMENT IN FAVOR OF SL ONTARIO DEVELOPMENT COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY FOR UTILITY, INSPECTION, SIGNAGE, AND DRAINAGE PURPOSES, RECORDED AUGUST 17, 2021 AS INSTRUMENT NO. 2021-0370389 O.R. (BLANKET)
4 – AN EASEMENT IN FAVOR OF THE SOUTHERN CALIFORNIA GAS COMPANY FOR GAS PIPELINES AND INCIDENTAL PURPOSES, RECORDED APRIL 14, 2022 AS INSTRUMENT NO. 2022-0139775 O.R. (THE LOCATION OF THE EASEMENT CANNOT BE DETERMINE FROM RECORD INFORMATION)
PROPOSED EASEMENTS
A – EASEMENT FOR EMERGENCY INGRESS/EGRESS, PUBLIC UTILITY, AND TRAIL ACCESS PURPOSES DEDICATED HEREON TO THE CITY OF ONTARIO.
B – EASEMENT FOR LANDSCAPE, TRAIL, SIDEWALK, PUBLIC UTILITY, APPROVED PUBLIC ACCESS AND ANY OTHER LAWFUL PUBLIC PURPOSES DEDICATED HEREON TO THE CITY OF ONTARIO.

DISCOUNTED CASH FLOW ANALYSES

Ontario CFD 56 Cambridge Court Builder-Owned Houses DCF

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	**TOTAL**
	3				
INCOME:					
Retail Sales	10,164,250	$3,388,083	$3,388,083	$3,388,083	$10,164,250
TOTAL INCOME		$3,388,083	$3,388,083	$3,388,083	$10,164,250
EXPENSES:					
Remaining Costs		($17,045)	($17,045)	($17,046)	($51,136)
Marketing & Carrying Expenses	10%	($338,808)	($338,808)	($338,808)	($1,016,425)
Profit	10%	($338,808)	($338,808)	($338,808)	($1,016,425)
TOTAL EXPENSES		($694,662)	($694,662)	($694,663)	($2,083,986)
NET CASH FLOW		$2,693,422	$2,693,422	$2,693,421	$8,080,264
Discount Factor	10%	0.9917	0.9835	0.9754	
DISCOUNTED CASH FLOW		$2,671,162	$2,649,086	$2,627,192	$7,947,440
CUMULATIVE DISCOUNTED CASH FLOW		**$2,671,162**	**$5,320,248**	**$7,947,440**	**$7,947,440**

Ontario CFD 56 NUVO Builder-Owned Houses DCF

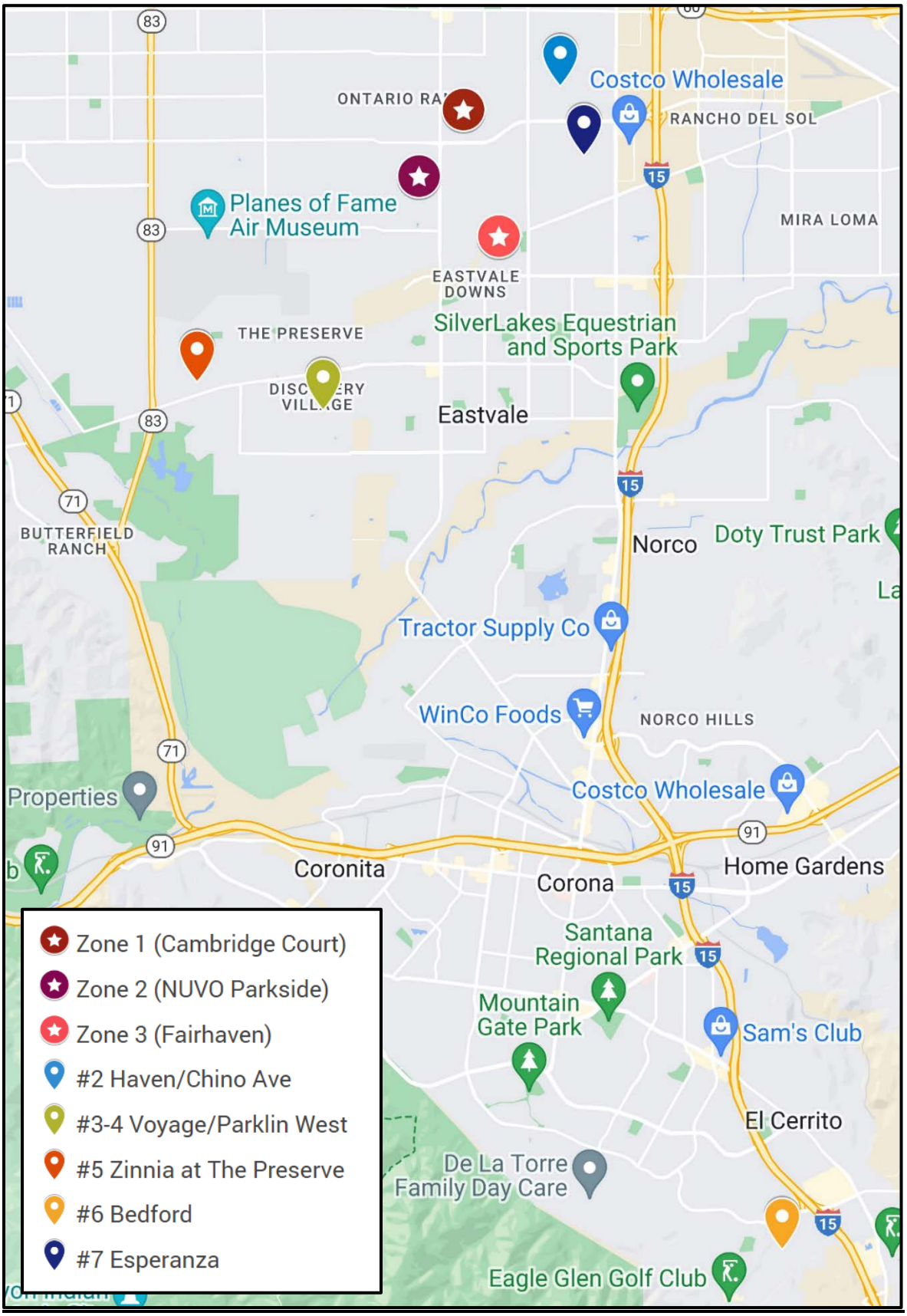
MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	**TOTAL**
	5						
INCOME:							
Retail Sales	17,312,620	$3,462,524	$3,462,524	$3,462,524	$3,462,524	$3,462,524	$17,312,620
TOTAL INCOME		$3,462,524	$3,462,524	$3,462,524	$3,462,524	$3,462,524	$17,312,620
EXPENSES:							
Remaining Costs		($118,310)	($118,310)	($118,310)	($118,310)	($118,309)	($591,549)
Marketing & Carrying Expenses	10%	($346,252)	($346,252)	($346,252)	($346,252)	($346,252)	($1,731,262)
Profit	10%	($346,252)	($346,252)	($346,252)	($346,252)	($346,252)	($1,731,262)
TOTAL EXPENSES		($810,815)	($810,815)	($810,815)	($810,815)	($810,814)	($4,054,073)
NET CASH FLOW		$2,651,709	$2,651,709	$2,651,709	$2,651,709	$2,651,710	$13,258,547
Discount Factor	10%	0.9917	0.9835	0.9754	0.9673	0.9594	
DISCOUNTED CASH FLOW		$2,629,794	$2,608,060	$2,586,506	$2,565,130	$2,543,932	$12,933,423
CUMULATIVE DISCOUNTED CASH FLOW		**$2,629,794**	**$5,237,855**	**$7,824,361**	**$10,389,491**	**$12,933,423**	**$12,933,423**

Ontario CFD 56 Fairhaven Builder-Owned Houses DCF

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	**TOTAL**
	3				
INCOME:					
Retail Sales	12,456,985	$4,152,328	$4,152,328	$4,152,328	$12,456,985
TOTAL INCOME		$4,152,328	$4,152,328	$4,152,328	$12,456,985
EXPENSES:					
Remaining Costs		($299,715)	($299,715)	($299,715)	($899,145)
Marketing & Carrying Expenses	10%	($415,233)	($415,233)	($415,233)	($1,245,699)
Profit	10%	($415,233)	($415,233)	($415,233)	($1,245,699)
TOTAL EXPENSES		($1,130,181)	($1,130,181)	($1,130,181)	($3,390,542)
NET CASH FLOW		$3,022,148	$3,022,148	$3,022,148	$9,066,443
Discount Factor	10%	0.9917	0.9835	0.9754	
DISCOUNTED CASH FLOW		$2,997,171	$2,972,401	$2,947,836	$8,917,408
CUMULATIVE DISCOUNTED CASH FLOW		**$2,997,171**	**$5,969,572**	**$8,917,408**	**$8,917,408**

FINISHED LOT LAND SALES MAP & SUMMARY CHART

FINISHED LOT LAND SALES MAP

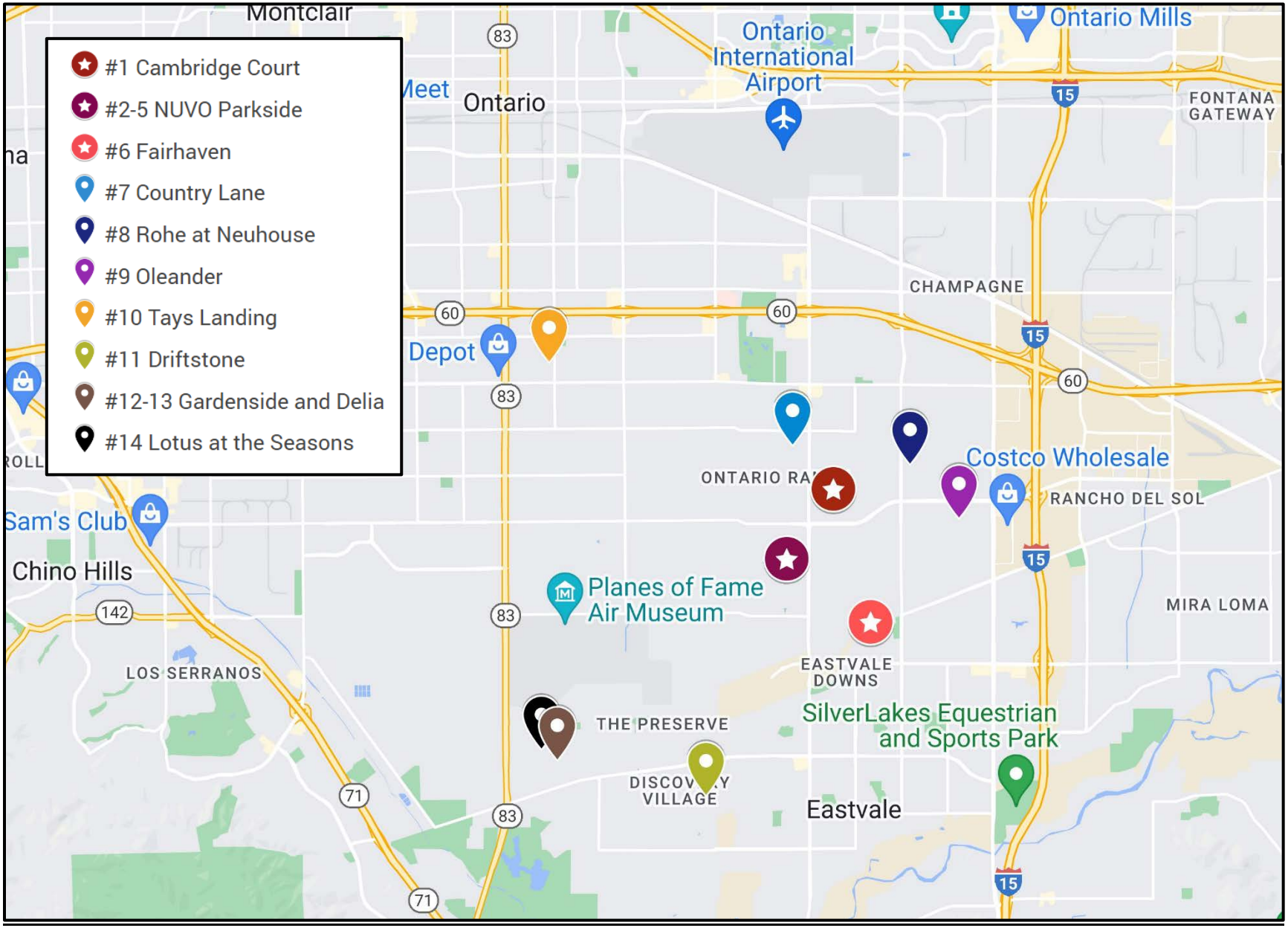


FINISHED LOT LAND SALES SUMMARY CHART

Data No.	Location / APN / Buyer / Seller	Sales Date	# Lots	Lot Size	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
1	Confidential area in Ontario Proper / Confidential / Confidential / Lewis Group of Companies	Current Escrow	84	25 du/ac	$8,600,000 / $102,381	$198,651	Site is 3.3 acres in Ontario proper (not within Ontario Ranch). Anticipated to close in August 2023
2	S/E Haven Avenue and Chino Avenue; east of Twinkle Avenue, Ontario Ranch / 0218-203-03+ / Land Sea / Haven Ontario NMC 2 LLC (Richland)	June-23	144	14.5 du/ac	$16,924,000/ $117,528	$235,000	12-unit attached courtyard product. Closed in unimproved condition with mapping in place.
3	Ext. of Voyage West at the Preserve / Discovery Park Ave and Academy Street, Chino / N/A / Lennar / Lewis	July-22	56	12/du/ac	$16,629,500 / $296,955	$350,000	Extension of Lennar's successful Voyage project located in same area. Closed in a generally F/L condition.
4	Ext of Parklin West at the Preserve / NWC Legacy Park and Discovery Street / Chino / 1057-391-34+ / Richmond American / Lewis	July-22	56	10 du/ac	$16,964,304 / $302,934	$340,000	Extension of Richmond American's successful Parklin project, located in same area. Closed in a generally F/L condition
5	Zinnia at The Preserve, NE/W of Pine Avenue & Meadowhouse Avenue, Chino / 1057-041-13 & 1057-061-12 / Beazer Homes / Lewis Group of Companies	June-22	149	14 du/ac	$19,952,500 / $133,909	$205,000	Closed in unimproved condition with an approved tentative tract map. This project consists of 2/3-story attached townhomes.
6	Bedford, PA 1, Cajalco Road and I-15, S. Corona / 279-540-various / Taylor Morrison / Arantine Hills Holding LP	May-22	91	3,800	$24,131,500 / $265,181	$360,000	Anticipated to close in a finished lot condition. Within Master Planned Community of Bedford with significant amenities.
7	Esperanza, SEC of Edison Avenue & Scholar Way, Ontario / 0218-252-08 / KB Home / Richland Communities	July-21	432	10 du/ac (blended)	$36,297,016 / $84,021	$239,000 (blended)	Closed in unimproved condition with final engineering in process. Esperanza consists of 149 cluster units, 174 townhomes, and 145 courtyard townhomes.

IMPROVED RESIDENTIAL SALES MAP & SUMMARY CHART

IMPROVED RESIDENTIAL SALES MAP



IMPROVED RESIDENTIAL SALES SUMMARY CHART

Data No.	Project Name Location/Developer	Plan	Room Count	Floors/Parking	Size (SF)	Lot Size or Density / Absorption	Base Sales Price	Price/SF
1	Cambridge Court, SWC of Schaefer Avenue and Turner Avenue, Ontario / Woodside Homes	1	3 / 3	2 / 2	1,951	2,700 sf lots	$706,000	$361.87
		2	4 / 3	2 / 2	2,043	4.2 sales/mo	$721,000	$352.91
		3	5 / 3	2 / 2	2,365		$778,500	$329.18
2	Lincoln at NUVO Parkside / NWC South Archibald Avenue and Eucalyptus Avenue, Ontario / The New Home Company (SOLD OUT)	L1	2 / 2.5	2 / 1	1,082	Detached Condos	$485,000	$448.24
		L2	2 / 2.5	2 / 1	1,044	12.6 du/acre	$486,000	$465.52
		L2G	2 / 2.5	2 / 2	1,046	3.8 sales/mo	$503,000	$480.88
3	Hyde at NUVO Parkside / NWC South Archibald Avenue and Eucalyptus Avenue, Ontario / The New Home Company	H1	2 / 2.5	3 / 1	1,197	Det. Condos	$500,000	$417.71
		H2	3 / 2.5	3 / 2	1,550	12.6 du/acre	$549,000	$354.19
		H3	4 / 3.5	3 / 2	1,727	3.8 sales/mo	$595,000	$344.53
		H4	4 / 3.5	3 / 2	1,809		$615,000	$339.97
4	Bryant at NUVO Parkside / NWC South Archibald Avenue and Eucalyptus Avenue, Ontario / The New Home Company (SOLD OUT)	B1/1X	3 / 2.5	2 / 2T	1,370	Det Condos	$573,000	$418.25
		B2	3 / 2.5	2 / 2	1,536	12.6 du/acre	$591,000	$384.77
		B3	3 / 2.5	2 / 2	1,475	3.7sales/mo	$608,000	$412.20
		B4	3 / 2.5	2 / 2	1,675		$636,000	$379.70
		B4X	3 / 2.5	2 / 2	1,754		$636,000	$362.60
5	Grant at NUVO Parkside / NWC South Archibald Avenue and Eucalyptus Avenue, Ontario / The New Home Company	G1	3 / 2.5	2 / 2	1,596	Detached Condos	$562,000	$352.13
		G2	4 / 2.5	2 / 2	1,648	12.6 du/acre	$572,000	$347.09
		G3	4 / 2.5	2 / 2	1,820	3.7 sales/mo	$616,000	$338.46
6	Fairhaven at Park Place / SWC Merrill Avenue and Remington Drive, Ontario / Lennar	1	3 / 2.5	2 / 2	1,450	Detached Condos	$590,990	$407.58
		2	3 / 2.5	2 / 2	1,638	11.2 du/acre	$624,990	$381.56
		3	3 / 3.5	3 / 2	1,785	4.7 sales/mo	$610,990	$342.29
		4	4 / 3	2 / 2	1,805		$629,990	$349.02
7	Country Lane - Whispering Wind / SWC South Archibald Avenue and Chino Avenue, Ontario / Lennar	1	3 / 2.5	2 / 2	1,618		$624,250	$385.82
		2	3 / 2.5	2 / 2	1,800	3,000 sf lots	$638,500	$354.72
		3	4 / 3	2 / 2	2,067	5.4 sales/mo	$689,750	$333.70
		4	5 / 3	2 / 2	2,202		$705,300	$320.30
8	Rhoe at Neuhouse, NE Haven Avenue and Schafer Avenue, Ontario / Landsea	1	3 / 2.5	2 / 2	1,862	2,700 sf lot	$765,000	$410.85
		2	4 / 3	2 / 2	1,922	Detached	$815,000	$424.04
		3	4 / 3	2 / 2	2,133	Motorcourts	$815,000	$382.09
		4	4 / 3	2 / 2	2,173	3.5 sales/mo	$825,000	$379.66

9	Oleander, SE of Ontario Ranch Road and Haven Avenue, Ontario / Shea Homes	1	4 / 3	2 / 2	2,053	2,700 sf lot	$720,609	$351.00
		2	4 / 3	2 / 2	2,208	Detached	$743,832	$336.88
		3	4 / 3	2 / 2	2,229	Motorcourts	$747,771	$335.47
		4	4 / 3.5	2 / 2	2,528	3.2 sales/mo	$777,285	$307.47
		2	2 / 2	1 / 2	1,552	3.6 sales/mo	$675,990	$435.56
		3	2 / 2	1 / 2	1,558		$673,900	$432.54
10	Tays Landing, SW of Campus Avenue and East Riverside Drive, Ontario / Meritage	1	3 / 2.5	2 / 2	1,465	3,000 sf lots	$647,000	$441.64
		2	3 / 2.5	2 / 2	1,684	7.0 sales/mo	$669,000	$397.27
		3	4 / 3	2 / 2	1,955		$715,000	$365.73
11	Driftstone at the Preserve, SW of Pine Ave and Hellman Ave, Chino / KB Home	1	3 / 2.5	2 / 2	2,127	3,800 sf lots	$867,990	$408.08
		2	3 / 2.5	2 / 2	2,403	3.8 sales/mo	$904,990	$376.61
		3	5 / 3	2 / 2	2,805		$982,990	$350.44
12	Gardenside at the Preserve, SEC of Bickmore Avenue and Meadowhouse Avenue / Richmond American	1	3 / 2.5	2 / 2	1,470		$634,990	$431.97
		2	3 / 2.5	2 / 2	1,660	4,000 sf lots	$664,990	$400.60
		3	3 / 3.5	3 / 2	1,780	4.1 sales/mo	$650,990	$365.72
		4	4 / 3	2 / 2	1,790		$689,990	$385.47
13	Delia at the Preserve, SW of Bickmore Avenue and Meadowhouse Avenue / TriPointe Homes	1	3 / 2	2 / 2	1,550		$699,990	$451.61
		2	4 / 3	2 / 2	1,547	3,500 sf lots	$749,990	$484.80
		3	3 / 2.5	2 / 2	1,657	4.8 sales/mo	$744,990	$449.60
		3X	3 / 2.5	3 / 2	2,091		$759,990	$363.46
14	Lotus at the Seasons, NEC of Bickmore Avenue and Quality Way / KB Home	1	3 / 2.5	2 / 2	1,814		$773,990	$426.68
		2	3 / 2.5	2 / 2	2,096	3,000 sf lots	$730,990	$348.75
		3	3 / 2.5	2 / 2	2,148	3.9 sales/mo	$742,990	$345.90
		4	3 / 2.5	2 / 2	2,296		$875,990	$381.53
		5	4 / 2.5	2 / 2	2,352		$775,990	$329.93

APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF KITTY S. SIINO, MAI

Education

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

Employment

1988 - Present:

Self-Employed Real Estate Appraiser. Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos and City of Moreno Valley.

1986-1988:

Project Manager of Development for Ferguson Partners, Irvine, California. Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California. Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

Investment Counselor, Newport Equity Funds, Newport Beach, California. Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

Licenses

Real Estate Sales Person, State of California, 1980
Certified General Appraiser, State of California (#AG004793)

Organizations

MAI #11145 - The Appraisal Institute

Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2022

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011