PALMDALE
a place to call home

CITY COUNCIL
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
WEDNESDAY, NOVEMBER 20, 2024
5:00 PM
www.cityofpalmdaleca.gov

WELCOME

1. **CALL MEETING TO ORDER**

Note: All City Council memberships are reflected in their City Council titles.

2. **ROLL CALL**
   MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN

3. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

4. **PRESENTATIONS**

   4.1 Certificate of Recognition to Miss Antelope Valley Breela Ballum for her community service.

PUBLIC COMMENT RULES

"(California Government Code Section 54954.3).
(a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2 [section omitted].

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure

that the intent of the subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency."

In furtherance of Section 54954.3 of the Brown Act, the public is allotted to speak a total of two (2) minutes on the entirety of the Consent Calendar, Appointment(s), New Business and Closed Session, with two (2) minutes on each Public Hearing, and, if desired, an additional two (2) minutes on items not on the agenda that are within the subject matter jurisdiction of the City Council. As specified in the Brown Act, a speaker utilizing a translator will receive twice the amount of time specified.

5. **PUBLIC COMMENTS**

CONSENT CALENDAR, APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION: Now is the time for public participation on items listed on the Consent Calendar, Appointment(s), New Business, and Closed Session. Each speaker is allotted two (2) minutes in total for the entirety of the above sections.

6. **CONSENT CALENDAR**

All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

6.1 Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

6.2 Adopt Resolution No. CC 2024-086, a Resolution of the City Council of the City of Palmdale adopting the Joint Resolution of the Board of Supervisors of the County of Los Angeles acting on behalf of the Los Angeles County General Fund, Los Angeles County Consolidated Fire Protection District, Los Angeles County Waterworks #40 – Antelope Valley, Los Angeles County Waterworks #40 ACO Fund, the Board of Directors of the County Sanitation District No. 14 of Los Angeles County, and the governing bodies of The Antelope Valley Cemetery District, Antelope Valley Mosquito and Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, The Antelope Valley – East Kern Water Agency, and the Quartz Hill Water District approving and accepting negotiated exchange of property tax revenues resulting from annexation to

County Sanitation District No. 14.
SR Reso. No. CC 2024-086.docx
Reso. No. CC 2024-086.docx
LA County Saniation District Transmittal Letter, Annex. No. 14-456.pdf
LA County Joint Reso. for Annex. No. 456.pdf
Property Tax Transfer Reso. Worksheet.pdf
Map Annexation No. 456.pdf

6.3 Approve Agreement with SVA Architect, Inc. for design and construction administration services for PN 878, Chimbole Cultural Center- City Library-Finance Renovation Project, for a total not to exceed amount of $1,915,070 for a term of 540 working days comprised of 280 working days for design and 260 working days for construction administration from the date of the Notice to Proceed.
SR Agrmt No. A-9097 with SVA Architects Inc.docx
Agrmt No. A-9097 with SVA Architects, Inc.pdf

6.4 Approve Agreement with Bowman Consulting Group for design services for PN 895, Highway Safety Improvement Program and Traffic Signal Improvements Project, for a total not to exceed amount of $438,863 for a term of 215 working days from the date of the Notice To Proceed.
SR Agrmt No. A-9107 with Bowman Consulting Group.docx
Agrmt No. A-9107 with Bowman Consulting Group.pdf

6.5 Approve Requisition with SiteOne Landscape Supply, LLC for landscape aggregate, boulders, and materials in an amount not to exceed $252,945 for Fiscal Year 2024-25.
SR Req. No. 250493 with Siteone Landscape Supply.docx
Req. No. 250493 with SiteOne Landscape Supply.pdf

6.6 Adopt Resolution No. CC 2024-084, a Resolution of the City Council of the City of Palmdale to adopt The City of Palmdale Local Road Safety Plan.
SR Reso. No. CC 2024-084.docx
Reso. No. CC 2024-084.docx
Local Road Safety Plan.pdf
PPT Local Road Safety.pdf

6.7 Approve the minutes from the previous meeting.
Minutes CC SA 11 06 2024 5PM.pdf

7. NEW BUSINESS

7.1 Adopt Resolution No. CC 2024-087, a Resolution of the City of Palmdale authorizing the issuance of special tax bonds for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) and

approving related documents and actions.
SR Reso. No. CC 2024-087 Ritter Ranch Bond.docx
Reso. No. CC 2024-087.docx
Agrmt No. A-9125 Fiscal Agent Agreement.docx
Agrmt No. A-9126 Bond Purchase Agreement.docx
Preliminary Limited Offering Memorandum.docx

8. **CITY MANAGER'S REPORT**

9. **SHERIFF'S REPORT**

10. **COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

11. **NON-AGENDA PUBLIC COMMENTS*:***
Now is the time for public participation on items not listed on the agenda. Each speaker is allotted two (2) minutes total.

12. **ADJOURN** meeting to December 4, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

Americans with Disabilities Act (ADA) Accommodations
In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

If you require oral translation, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-086, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE ADOPTING THE JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES ACTING ON BEHALF OF THE LOS ANGELES COUNTY GENERAL FUND, LOS ANGELES COUNTY CONSOLIDATED FIRE PROTECTION DISTRICT, LOS ANGELES COUNTY WATERWORKS #40 – ANTELOPE VALLEY, LOS ANGELES COUNTY WATERWORKS #40 ACO FUND, THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY, AND THE GOVERNING BODIES OF THE ANTELOPE VALLEY CEMETERY DISTRICT, ANTELOPE VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT, ANTELOPE VALLEY RESOURCE CONSERVATION DISTRICT, CITY OF PALMDALE, THE ANTELOPE VALLEY – EAST KERN WATER AGENCY, AND THE QUARTZ HILL WATER DISTRICT APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-086, a Resolution of the City Council of the City of Palmdale adopting the Joint Resolution of the Board of Supervisors of the County of Los Angeles acting on behalf of the Los Angeles County General Fund, Los Angeles County Consolidated Fire Protection District, Los Angeles County Waterworks #40 – Antelope Valley, Los Angeles County Waterworks #40 ACO Fund, the Board of Directors of the County Sanitation District No. 14 of Los Angeles County, and the governing bodies of the Antelope Valley Cemetery District, Antelope Valley Mosquito and Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, the Antelope Valley – East Kern

Water Agency, and the Quartz Hill Water District approving and accepting negotiated exchange of property tax revenues resulting from annexation to County Sanitation District No. 14;

2. Authorize the Mayor to execute the Joint Resolution No. CC 2024-086, approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled Annexation No. 456; and,

3. Authorize the Mayor to execute the Los Angeles County Joint Resolution, approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled Annexation No. 456.

BACKGROUND

The County Sanitation District No. 14 of Los Angeles County has requested that the City enter into a tax sharing agreement for parcel number 3204-024-055, parcels 3204-089-001 through 028 and parcels 3204-090-001 through 025, as shown in the attached Annexation No. 456 Map. These parcels are part of a proposed single-family residential housing development (Tract No. 60431-01) located between 70th and 75th Streets West, south of Avenue M. The project's developer, Lancaster Villas LLC, has requested annexation into County Sanitation District No. 14. This annexation is a condition of the development's entitlement and is required before receiving sewer service.

In accordance with the Revenue and Tax Code (Sections 99 and 99.01), any time there is a jurisdictional change that results in a special district providing a new service not previously provided to an area, the law requires the governing bodies of all local agencies that receive a portion of that property tax determine by resolution the amount of the annual tax increase to be transferred to that special district. The existing ad velorem tax revenue based on the property's assessed value received by agencies will not change. This action only affects that portion of future tax revenues based on increases in assessed property value.

DISCUSSION

Adopting this Joint Resolution will approve the City's tax-sharing agreement between public agencies currently receiving tax revenue from these parcels and County Sanitation District No. 14, which through the referenced annexation, will provide services to this parcel for the first time. All the referenced agencies and special districts will execute and are party to the same Joint Resolution.

FISCAL IMPACT

The current property tax share ratio for the City of Palmdale within the area of this annexation is 6.6294%. This Council action will allocate 0.0396% of any future tax increase to County Sanitation District No. 14. This results in a net City tax share rate of 6.5897%. For example, a tax increase based on the assessed property value for these parcels will generate an additional $100 in total property tax. The City would receive an additional $6.5897 of this increase and the County Sanitation District No. 14 would receive $0.0396. This allocation follows the State Revenue and Taxation Code, and the allocation formula is established and calculated by the Los Angeles County Auditor-Controller.

STRATEGIC PLAN

Goal II: Ensure the long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Reso. No. CC 2024-086
LA County Sanitation Districts Transmittal Letter, Annex. No. 14-456
LA County Joint Reso. for Annex. No. 456
Property Tax Transfer Reso. Worksheet
Map Annexation No. 456

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-086

A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES ACTING ON BEHALF OF THE LOS ANGELES COUNTY GENERAL FUND, LOS ANGELES COUNTY CONSOLIDATED FIRE PROTECTION DISTRICT, LOS ANGELES COUNTY WATERWORKS #40 – ANTELOPE VALLEY, LOS ANGELES COUNTY WATERWORKS #40 ACO FUND, THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY, AND THE GOVERNING BODIES OF THE ANTELOPE VALLEY CEMETARY DISTRICT, ANTELOPE VALLEY MOSQUITO & VECTOR CONTROL DISTRICT, ANTELOPE VALLEY RESOURCE CONSERVATION DISTRICT, CITY OF PALMDALE, THE ANTELOPE VALLEY – EAST KERN WATER AGENCY, AND THE QUARTZ HILL WATER DISTRICT APPROVING AND ACCEPTING NEGOCIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14.

ANNEXATION NO. 456

WHEREAS, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

WHEREAS, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenue from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled Annexation No. 454:

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. The negotiated exchange of property tax revenue resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled

Annexation No. 454 is approved and accepted.

SECTION 2. For each fiscal year commencing on or after July 1, 2024, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to the County Sanitation District No. 14 a total of 0.3348624 percent of the annual tax increment attributable to the land area encompassed within Annexation No. 454 as shown on the attached Worksheet and Map.

SECTION 3. No additional transfer of property tax revenue shall be made from any other tax agencies to County Sanitation District No. 14 as a result of the annexation entitled Annexation No. 454.

SECTION 4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

SECTION 5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to preform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the correct transfer shall be implemented for the next fiscal year.

SECTION 6. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 20th day of November 2024.

_____
Austin Bishop, Mayor

Approved as to form:

ATTEST:

_____
William P. Curley III
City Attorney

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 20th day of November 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

LOS ANGELES COUNTY SANITATION DISTRICTS
Converting Waste Into Resources

Robert C. Ferrante
Chief Engineer and General Manager

1955 Workman Mill Road, Whittier, CA 90601-1400
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
(562) 699-7411 • www.lacsd.org

October 11, 2024

General Annexation File

Mr. Tim Carney, Associate Engineer
City of Palmdale
38250 Sierra Highway
Palmdale, CA 93550

Dear Mr. Carney:

Tax Sharing Resolutions

Thank you for signing and returning the last joint resolutions that were submitted to your office for tax sharing purposes.

Enclosed, in triplicate, is a Joint Tax Sharing Resolution (resolution) involving your city and others. The applicant has requested, in writing, annexation of his property into the County Sanitation District No. 14 (District) in order to receive off-site disposal of sewage. Please see the table below for the annexation and its associated project. The annexation process requires that a resolution for property tax revenue exchange be adopted by all the affected local agencies before an annexation may be approved. For any jurisdictional change which will result in a special district providing new service not previously provided to an area, the law requires the governing bodies of all local agencies that receive an apportionment of the property tax from the area to determine by resolution the amount of the annual tax increment to be transferred to the special district (Revenue and Taxation Code Section 99.01). Please note that by sharing the property tax increment with the District resulting from this annexation, your city will not lose any existing ad valorem tax revenue it currently receives from the affected territory. Your city would only be giving up a portion of the revenues it would receive on increased assessed valuation.

Annexation No.	Type of Project
14-456	151 proposed single-family homes, and four proposed detention basins

Also, attached for the annexation is a copy of the applicable worksheet and map showing the location of the annexation. The worksheet lists the annual tax increment to be exchanged between your city, other affected taxing entities, and the District. The tax sharing ratios listed in the worksheet were calculated by the County Auditor Controller by specific Tax Rate Area (TRA). For example, if the annexing territory were to lie within two separate TRAs, there would be a worksheet for each TRA. The Los Angeles County Chief Executive Office (CEO) is requiring the District to implement the worksheet for all District annexations in order to increase efficiency for the calculation of property tax sharing ratios.

Printed on Recycled Paper

The resolution is being distributed to all parties for signature in counterpart. Therefore, you will only be receiving a signature page for your city. Enclosed are three sets of the resolution. One set of the resolution is for your files and the other two sets of the resolution need to be returned to the District. Please execute the two sets of the resolution and return them to the undersigned within 60 days as required by the Government Code. In addition, the County CEO's legal counsel is also requesting that the signature pages be properly executed from all affected agencies. Therefore, please have the Attest line signed by the appropriate person. Upon completion of the annexation process, your office will receive a fully executed copy of the tax sharing resolution for your files.

Your continued cooperation in this matter is very much appreciated. If you have any questions, please do not hesitate to call me at (562) 908-4288, extension 2708.

Very truly yours,

Shirly Wang
Customer Service Specialist
Facilities Planning Department

SW:sw

Enclosures: 14-456

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES ACTING IN BEHALF OF

Los Angeles County General Fund

Los Angeles County Consolidated Fire Protection District

Los Angeles County Waterworks #40 - Antelope Valley

Los Angeles County Waterworks #40 Aco Fund

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY, AND THE GOVERNING BODIES OF

Antelope Valley Cemetery District

Antelope Valley Mosquito & Vector Control District

Antelope Valley Resource Conservation District

City of Palmdale

Antelope Valley - East Kern Water Agency

Quartz Hill Water District

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14.

"ANNEXATION NO. 456"

WHEREAS, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

WHEREAS, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled Annexation *No. 456;*

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled *Annexation No. 456* is approved and accepted.

2. For each fiscal year commencing on and after July 1, 2024, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to County Sanitation District

No. 14 a total of 0.3348624 percent of the annual tax increment attributable to the land area encompassed within Annexation *No. 456 as* shown on the attached Worksheet.

3. No additional transfer of property tax revenues shall be made from any other tax agencies to County Sanitation District No. 14 as a result of annexation entitled *Annexation No. 456.*

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, and the governing bodies of Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, Antelope Valley - East Kern Water Agency, and Quartz Hill Water District, signatory hereto.

CITY OF PALMDALE

_____
SIGNATURE

_____
PRINT NAME AND TITLE

ATTEST:

_____
Secretary

_____
Date

(SIGNED IN COUNTERPART)

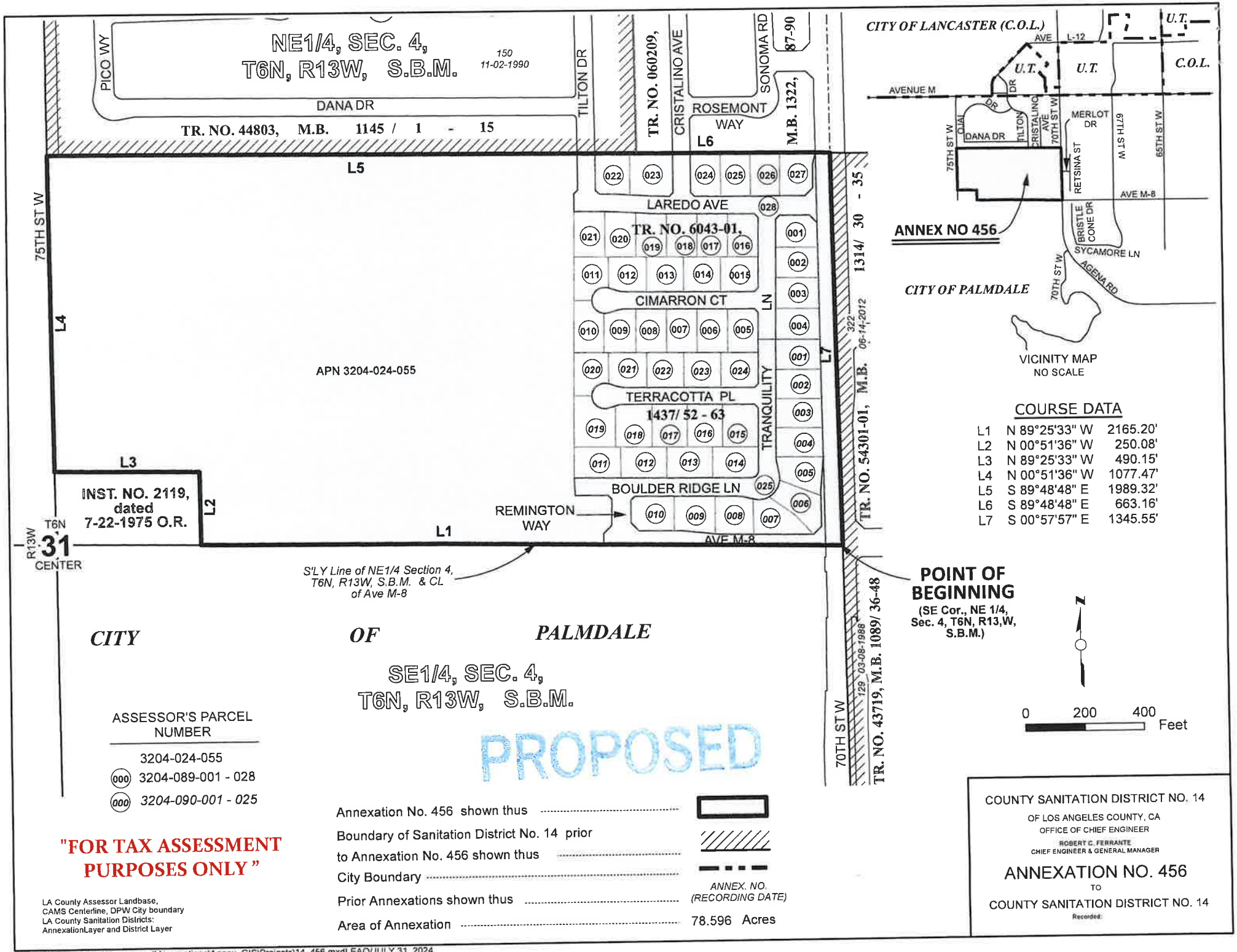
ANNEXATION TO: CO.SANITATION DIST.NO 14 DEBT S.
ACCOUNT NUMBER: 066.45
TRA: 01757
EFFECTIVE DATE: 07/01/2024
ANNEXATION NUMBER: 14-456 PROJECT NAME: ANNEXATION NO. 14-456

DISTRICT SHARE: 0.005975437

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
001.05	LOS ANGELES COUNTY GENERAL	0.231955918	23.1967 %	0.005975437	0.001386051	-0.001428006	0.230527912
001.20	L.A. COUNTY ACCUM CAP OUTLAY	0.000106765	0.0106 %	0.005975437	0.000000637	0.000000000	0.000106765
007.30	CONSOL. FIRE PRO.DIST.OF L.A.CO.	0.180000000	18.0000 %	0.005975437	0.001075578	-0.001075578	0.178924422
007.31	L A C FIRE-FFW	0.006914714	0.6914 %	0.005975437	0.000041318	0.000000000	0.006914714
047.04	LA CO WATERWORKS #40 ANTELOPE VY	0.011760122	1.1760 %	0.005975437	0.000070271	-0.000070271	0.011689851
051.75	L A CO WATER WKS NO 40 ACO FUND	0.008990369	0.8990 %	0.005975437	0.000053721	-0.000053721	0.008936648
053.30	ANTELOPE VY CEMETERY DISTRICT	0.001261736	0.1261 %	0.005975437	0.000007539	-0.000007539	0.001254197
061.05	ANTELOPE VLY MOSQ & VECTOR CONTR	0.001700665	0.1700 %	0.005975437	0.000010162	-0.000010162	0.001690503
068.05	ANTELOPE VY RESOURCE CONSER DIST	0.000885586	0.0885 %	0.005975437	0.000005291	-0.000005291	0.000880295
225.01	CITY-PALMDALE TD #1	0.066294048	6.6294 %	0.005975437	0.000396135	-0.000396135	0.065897913
300.10	ANTELOPE VY.-EAST KERN WATER AGY	0.017956708	1.7956 %	0.005975437	0.000107299	-0.000107299	0.017849409
300.69	QUARTZ HILL WATER DISTRICT	0.032570429	3.2570 %	0.005975437	0.000194622	-0.000194622	0.032375807
400.00	EDUCATIONAL REV AUGMENTATION FD	0.076269226	7.6269 %	0.005975437	0.000455741	EXEMPT	0.076269226
400.01	EDUCATIONAL AUG FD IMPOUND	0.128757217	12.8757 %	0.005975437	0.000769380	EXEMPT	0.128757217
400.15	COUNTY SCHOOL SERVICES	0.001325569	0.1325 %	0.005975437	0.000007920	EXEMPT	0.001325569
400.21	CHILDREN'S INSTIL TUITION FUND	0.002630908	0.2630 %	0.005975437	0.000015720	EXEMPT	0.002630908
689.01	WESTSIDE UNION SCHOOL DISTRICT	0.060001793	6.0001 %	0.005975437	0.000358536	EXEMPT	0.060001793
689.06	CO.SCH.SERV.FD.- WESTSIDE UNION	0.007751402	0.7751 %	0.005975437	0.000046318	EXEMPT	0.007751402
689.07	DEV CTR HDCPD MINOR WESTSIDE UN	0.000806917	0.0806 %	0.005975437	0.000004821	EXEMPT	0.000806917

ANNEXATION NUMBER: 14-456 PROJECT NAME: ANNEXATION NO. 14-456 TRA: 01757

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
717.02	ANTELOPE VALLEY UNION HIGH SCH.	0.091493743	9.1493 %	0.005975437	0.000546715	EXEMPT	0.091493743
717.06	CO.SCH.SERV.FD.- ANTELOPE VALLEY	0.000336309	0.0336 %	0.005975437	0.000002009	EXEMPT	0.000336309
717.07	ANTELOPE VY.UN.HI.-ELEM SCH FD.	0.044824621	4.4824 %	0.005975437	0.000267846	EXEMPT	0.044824621
792.04	ANTELOPE VY.JT. COMMUNITY COLL.	0.025405235	2.5405 %	0.005975437	0.000151807	EXEMPT	0.025405235
***066.45	CO.SANITATION DIST.NO 14 DEBT S.	0.000000000	0.0000 %	0.005975437	0.000000000	0.000000000	0.003348624
	TOTAL:	1.000000000	100.0000 %		0.005975437	-0.003348624	1.000000000



R:\Planning\PropertyManagement\Annexations\Annex_GIS\Projects\14_456.mxdl EAO/JULY 31, 2024

City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1**

SUBJECT: **APPROVE AGREEMENT WITH SVA ARCHITECT, INC. FOR DESIGN AND CONSTRUCTION ADMINISTRATION SERVICES FOR PN 878, CHIMBOLE CULTURAL CENTER- CITY LIBRARY-FINANCE RENOVATION PROJECT, FOR A TOTAL NOT TO EXCEED AMOUNT OF $ 1,915,070 FOR A TOTAL TERM OF 540 WORKING DAYS FROM THE DATE OF THE NOTICE TO PROCEED**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-9097 with SVA Architect, Inc. for the design and construction administration services for PN 878, Chimbole Cultural Center-Library-Finance Renovation Project, for a total not to exceed amount of $1,915,070, which includes a contract amount of $1,665,070 plus a 15% contingency amount of $250,000; for a total term of 540 working days from the date of the notice to proceed; and,

2. Authorize the City Manager and her designee to execute Agreement No. A-9097 with SVA Architect, Inc. including minimal and/or non-substantial changes.

BACKGROUND

The City seeks a consultant to perform architectural and engineering design services for three (3) existing buildings: the Chimbole Cultural Center (Cultural Center), Palmdale City Library, and the Finance/Operations Department; Project No. 878, Chimbole-Library-Finance Renovation Project.

The Cultural Center is a two-story, 22,000-square-foot facility that requires remodeling and renovation to repair the damage caused by fire and water from an incident in December 2022. In addition to the tenant improvements, this project will provide upgrades and improvements to the exterior of the building, including accessibility, lighting, and parking upgrades.

The existing City Library, with 13,000 square feet, will expand to the south, eliminating the breezeway, connect to the Cultural Center, and utilize some of the first floor of the Cultural Center for Library functions. The approximate Library expansion is 4,000 square feet. The existing Library will be renovated to provide more up-to-date technology for patron's use, including internet access, computer stations, and check-out laptops.

The existing Finance/Operation Department, with 6,500 square feet of office space, requires a space study to efficiently maximize the area for the proposed use. The study will include assessments and recommendations for improvements to the existing restrooms, elevators' compliance with ADA and the existing HVAC systems, and electrical, plumbing, and roofing conditions. The consultant will identify the occupancy impacts on the existing site entitlements and will provide the study for staff review prior to any tenant improvements being designed.

Due to the fire damage at the Cultural Center, staff anticipates unforeseen structural conditions that may arise and will be added to the design scope. Therefore, the staff is recommending a 15% design contingency.

DISCUSSION

The project was advertised electronically through PlanetBids on June 10, 2024. Over 269 vendors were notified. Twenty-seven vendors downloaded the bid documents for review, and twelve vendors registered as designers/architects.

On June 18, 2024, thirteen designers/architects attended the mandatory pre-bid meeting. On July 9, 2024, twelve proposals were received and evaluated including one local vendor. Upon review, the following five designers were interviewed:

Bidder	Location	Amount
1. SVA Architect, Inc.	Santa Ana, CA	$ 1,599,963
2. TSK Architects	Los Angeles, CA	$ 1,794,196
3. Moore Ruble Yudell	Santa Monica, CA	$ 1,785,000
4. SGH Architects	Redlands, CA	$ 1,883,000
5. Perkins Eastman	Costa Mesa, CA	$ 2,160,000

Two designers were selected for negotiations: SVA Architect, Inc. and Perkins Eastman. SVA Architect, Inc. revised their design scope to include Furniture, Fixtures, & Equipment (FF&E), low voltage fire alarm system, security cameras and monitors, audiovisual packages including videoconferencing, presentations, and Wi-Fi networking throughout for the Cultural Center and Library. Perkins Eastman was not able to offer a revised proposal.

Additional consulting services (if required) would include Topographic Survey, Underground Utility Survey, and Reimbursable allowance:

Bidder	Location	Amount
1. SVA Architect, Inc. (Revised proposal) Additional consulting services	Santa Ana, Ca	$ 1,598,070.00 $ 67,000.00
2. Perkins Eastman Additional consulting services	Costa Mesa, CA	$ 2,070,000 $ 90,000

The SVA Architects, Inc. presentation and project approach are more detailed and comprehensive compared to Perkins Eastman.

Staff recommends the award of the design and construction administration services to SVA Architects, Inc.

FISCAL IMPACT

$1,915,070; Funds are budgeted and available in FY 2024-25 in Account Nos. F0161158-724525 and F0161157-724525. The total project cost is summarized as follows:

Scope of Work	Cost
Agreement No. A-9097 for Design and Construction Administration	$1,665,070
Design Contingency (15%)	$250,000
Total Project Costs	**$ 1,915,070**

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community liability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form	William P. Curley, III, City Attorney

ATTACHMENTS

Agrmt No. A-9097 with SVA Architects, Inc.

AGREEMENT NO. A-9097
CONTRACT FOR DESIGN PROFESSIONAL SERVICES
BETWEEN THE CITY OF PALMDALE AND SVA ARCHITECTS
ARPA FUNDING

THIS CONTRACT FOR DESIGN PROFESSIONAL SERVICES ("Contract" herein) is made and entered into by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and SVA ARCHITECTS (hereinafter called "PROJECT DESIGNER"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS**,** City desires to engage PROJECT DESIGNER to perform certain technical and professional services, as provided herein, in connection with that certain project identified as PN 878 Chimbole-Library-Finance Renovation.

WHEREAS, PROJECT DESIGNER represents that PROJECT DESIGNER has the expertise and is qualified to perform the services described in this Contract and is duly registered under the laws of the State of California.

WHEREAS, PROJECT DESIGNER desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages PROJECT DESIGNER, and PROJECT DESIGNER accepts such engagement, to perform the following design professional services in a manner satisfactory to CITY:

Project Designer to provide design and construction adminstration services for the following:
a. Chimbole Cultural Center: Remodel and renovate to repair damage at the first floor and second floor of the building. Provide design for the upgrades and improvements to the exterior of the Cultural Center to include accessibility, lighting, and parking lot upgrades as necesary.
b. Palmdale City Library: Provide design to expand the existing Library to the south, eliminating the breezeway, connecting tot he Cultural Center and utilizing some of the first floor of the Cultural Center for Library functions. The existing Library will be provided with design to renovate for more up-to-date technology and programming.
c. Finance/Operations Department Space Planning: Provide employee space planning study and layout as Phase 1 of this project. Scope includes study planning and/or occupancy impacts these improvements have on existing entitlements and prepare appropriate planning and environmental documents per applicable codes and ordinances.

Detailed Scope of Work are outlined in the following attachments:
- Attachment #1 - SVAA RFQ-Exhibit "A"
- Attachment #2 - SVAA REvsied RFP-Exhibit "B"
- Attachment #3 - P&R Design Consideration-Exhibit "C"
- Attachment #4 - SVAA Fee Schedule-Exhibit "D"

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 PROJECT DESIGNER shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 CITY shall provide to PROJECT DESIGNER, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

1.5 CONTRACTOR, understands, acknowledges, and agrees that the funding source for its work is from the American Rescue Plan, Coronavirus State and Local Fiscal Recovery Funds (collectively "ARPA") and as such, CONTRACTOR is required to comply with the regulations associated with ARPA funds pursuant to 31 CFR Part 35. Those regulations and reporting requirements are set forth in Exhibit "A" attached hereto and incorporated herein by reference. By executing this Contract, CONTRACTOR agrees to comply with all such regulations and reporting requirements and shall familiarize itself with those requirements.

2 CITY PROJECT MANAGER

To provide the design professional services required by this Contract, PROJECT DESIGNER shall act under the authority and approval of a Project Manager appointed by the Director of Public Works/designee. The City Project Manager will oversee the work under this Contract, assist PROJECT DESIGNER with any necessary information, audit billings, and approve payments. PROJECT DESIGNER shall channel reports, deliverables and special requests through the City Project Manager.

3 PROJECT DESIGNER'S KEY PERSONNEL

PROJECT DESIGNER's Team and Key Personnel are as follows:

SVA Architect Key Personnel:
1. Robert Simons - Architect of Records
2. Mel Tan - Sr. Project Architect
3. Doug Brown - Sr. Project Manager
4. Robert Puleo - Director of Interior

Subconsultants:
1. Virgil Aoanan - VCA, Civil Engineer
2. Young Nam - VCA, Structural Engineer
3. Tarkan Altay - Alfa Tech, MEP Project Manager
4. Sahil Asif - Alfa Tech, Mechanical Lead
5. Ray Park - Alfa Tech, Electrical Lead
6. Art Urroz - Alfa Tech, Plumbing Lead
7. Rich Garrison - Alfa Tech, Low Voltage Lead
8. Dennis Crable - Cable and Associates, Environmental Consultant
6. John Moreno - Sierra West Group, Chief Estimator

This Design Professional Services Contract has been awarded to PROJECT DESIGNER based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed above. PROJECT DESIGNER shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 COMMENCEMENT AND COMPLETION OF WORK

The services for the Project shall commence when CITY, acting by and through its Project Manager, issues a written authorization to proceed. PROJECT DESIGNER shall complete all work described in the Description of Work and submit final deliverables within Five Hundred Forty (540) working days of said authorization. PROJECT DESIGNER shall have no claim for compensation for any services or work, which has not been authorized by CITY's authorization to proceed.

5 TAXES

5.1 PROJECT DESIGNER shall pay all sales, consumer, use, and other similar taxes required to be paid by PROJECT DESIGNER in accordance with state and local laws.

5.2 PROJECT DESIGNER is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by PROJECT DESIGNER or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 PROJECT DESIGNER shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

PROJECT DESIGNER shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or

device is specified by CITY for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. PROJECT DESIGNER shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

7.1 PROJECT DESIGNER shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. PROJECT DESIGNER shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY-furnished information.

7.2 PROJECT DESIGNER shall be familiar with CITY’s Standard Details and Specifications and other relevant CITY regulations. PROJECT DESIGNER shall ensure there are no conflicts among the Contract Documents including, but not limited to, the CITY’s Standard Specifications and Special Provisions for Construction Contracts, the plans and specifications prepared by PROJECT DESIGNER, any standard details or specifications incorporated therein by reference, and the Construction Contract.

8 PROJECT DESIGNER’S PERSONNEL

8.1 All services required under this Contract shall be performed by PROJECT DESIGNER, or under PROJECT DESIGNER’s direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 PROJECT DESIGNER shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by CITY.

8.3 PROJECT DESIGNER shall be responsible for payment of all PROJECT DESIGNER’s employees’ and subcontractor’s wages and benefits and shall comply with all requirements pertaining to the employer’s liability, workers’ compensation, unemployment insurance, and Social Security.

8.4 PROJECT DESIGNER shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands,

damages or costs arising from PROJECT DESIGNER's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

8.5 PROJECT DESIGNER shall pay, if required by applicable law, not less than the general prevailing hourly wage rates, as determined by the Director of the Department of Industrial Relations pursuant to the California Labor Code, for each craft, classification, or type of worker needed to perform the Contract. Copies of the prevailing rate of per diem wages are on file in the office of the Director of Public Works.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, Scope of Services, CITY shall pay to PROJECT DESIGNER an amount not to exceed the sum of ONE MILLION SIX HUNDRED SIXTY FIVE THOUSAND SEVENTY dollars ($1665070), as follows:

FEE SCHEDULE:

Detailed Fee is outlined on Attachment #4-Fee Schedule_Exhibit "D"
1. Completion of Conceptual Design/Programming.....$ 47,550.00
2. Completion of Schematic Design.....$164,260.00
3. Completion of Design Dev lopment & Environmental.....$416,988.00
4. Completion of Construction Documents.....$640,518.00
5. Completion of Construction Adminstration.....$328,754.00

TOTAL Design & Cosntruction Adminsitration Services Fee.....$1,598,070.00

Completion of Additional Services:
a. Topographical Survey.....$24,000.00
b. Underground Utility Survey.....$13,000.00
c. Reimbursable Allowance.....$30,000.00

TOTAL Additional Services Fee (If Needed).....$67,000.00

TOTAL CONTRACT AMOUNT.....$1,665,070.00

PROJECT DESIGNER shall perform no work in excess of the total contract price without prior approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear before City Council or any other board or commission of CITY.

9.2 An application and certification for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting hours being billed for, a summary sheet showing percentage of work completed to date, amount/percent

billed to date and current status of all tasks within the project; any/all backup documentation supporting the above items. Work schedule updates must also be included in the monthly progress payment requests.

9.3 PROJECT DESIGNER shall maintain adequate records and shall permit inspection and audit by CITY of PROJECT DESIGNER's charges under this Contract. PROJECT DESIGNER shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by PROJECT DESIGNER for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event PROJECT DESIGNER shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to PROJECT DESIGNER, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by PROJECT DESIGNER of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent of the law, and consistent with Civil Code section 2782.8, PROJECT DESIGNER agrees to defend, indemnify, hold free and harmless the CITY, its elected and appointed officials, officers, agents and employees, at PROJECT DESIGNER's sole expense, from and against any and all claims, demands, actions, suits or other legal proceedings brought against CITY, its elected and appointed officials, officers, agents, and employees to the extent arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of the PROJECT DESIGNER, its employees, and/or authorized subcontractors, in performing design professional services pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence, recklessness or willful misconduct of the PROJECT DESIGNER, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, recklessness, or willful misconduct of PROJECT DESIGNER, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the CITY, its elected and appointed officials, officers, agents, and employees based upon such negligence, recklessness, or willful misconduct, whether or not the PROJECT DESIGNER, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the PROJECT DESIGNER shall not be liable for the defense or indemnification of the CITY for claims, actions, complaints or suits arising out of the sole or active negligence or willful misconduct of the CITY. Further, in no event shall the cost to defend charged to the design professional exceed the design professional's proportionate percentage of fault, unless otherwise specified in Civil Code section

2782.8. This provision shall supersede and replace all other indemnity provisions contained either in the CITY's specifications or PROJECT DESIGNER's Proposal, which shall be of no force and effect.

11 INSURANCE

11.1 PROJECT DESIGNER, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed, and accepted by the City Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability -- $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability (Errors & Omissions) Insurance*

- $1,000,000 limit on a per occurrence basis

11.1.3 Commercial General Liability

- $1,000,000.00 limit on per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of PROJECT DESIGNER's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The Certificate and endorsements shall state that: "The City of Palmdale, City of Palmdale in its capacity as the Successor Agency to the CRA, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured".

B. “Severability of Interest” clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, PROJECT DESIGNER shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that PROJECT DESIGNER has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, PROJECT DESIGNER shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by PROJECT DESIGNER are not intended to and shall not in any manner limit or qualify PROJECT DESIGNER’s liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that PROJECT DESIGNER elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer’s right of subrogation against CITY.

11.7 All insurance coverages must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When professional (E&O) liability coverage is provided on a “claims made basis”, PROJECT DESIGNER will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover PROJECT DESIGNER, or its officers, employees, or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time PROJECT DESIGNER fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

11.10 PROJECT DESIGNER shall require any and all subcontractor's working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors

working on behalf of PROJECT DESIGNER shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be PROJECT DESIGNER's sole risk. PROJECT DESIGNER's insurance requirements in Section 11 will not be impacted and/or limited by such deviation.

12 TERMINATION WITHOUT CAUSE

City reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, PROJECT DESIGNER shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. PROJECT DESIGNER shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the PROJECT DESIGNER shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the PROJECT DESIGNER has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, the City shall give written notice to the PROJECT DESIGNER specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the PROJECT DESIGNER has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the PROJECT DESIGNER to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the PROJECT DESIGNER. Upon such termination, the PROJECT DESIGNER shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the City may take into consideration the costs associated with hiring another PROJECT DESIGNER to complete the services. In the event no new PROJECT DESIGNER is employed, the PROJECT DESIGNER shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to

both completed work and work in progress, to complete and incomplete drawings, and to other documents when such are delivered to CITY, and to authorized reimbursement expenses.

The above is in addition to any other remedies available by law or equity to the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that the PROJECT DESIGNER was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and PROJECT DESIGNER arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, tracings, drawings, plans, specifications, original mylars, estimates, field notes, investigations, design analysis and studies which are prepared in the performance of this Contract are to be, and remain the property of, CITY. PROJECT DESIGNER shall furnish CITY, upon its request, originals or reproducible or electronic copies of technical specifications and of all other documents listed above. PROJECT DESIGNER shall endorse, by his professional seal, all plans and data furnished by him.

16 RE-USE OF DOCUMENTS

The parties agree the documents, drawings, specifications, and designs, although the property of CITY, are prepared for a specific project and are not intended nor represented by PROJECT DESIGNER to be suitable for re-use for any other project. Any reuse without written verification or adaptation by PROJECT DESIGNER for the specific purpose intended will be at CITY’s sole risk and without liability or legal exposure to PROJECT DESIGNER.

17 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

17.1 PROJECT DESIGNER shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to PROJECT DESIGNER from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegee or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved.

Any proposed agreement with an assignee, delegee or subcontractor shall include the following:

A. The amount involved, together with PROJECT DESIGNER's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

17.2 Any assignment, delegation or subcontract shall be made in the name of PROJECT DESIGNER and shall not bind or purport to bind CITY and shall not release PROJECT DESIGNER from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to PROJECT DESIGNER under this Contract.

18 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

18.1 In performance of this Contract, PROJECT DESIGNER shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. PROJECT DESIGNER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex, national origin, handicap, or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

18.2 The provisions of subsection 18.1 above shall be included in all solicitations or advertisements placed by or on behalf of PROJECT DESIGNER for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of PROJECT DESIGNER and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

19 FINANCIAL INTEREST CERTIFICATION

19.1 PROJECT DESIGNER warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a

commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in PROJECT DESIGNER's firm.

19.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

20 CONFLICT OF INTEREST

20.1 PROJECT DESIGNER stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause PROJECT DESIGNER to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

20.2 PROJECT DESIGNER shall not employ any City official or employee to perform any work required pursuant to this Contract.

20.3 If PROJECT DESIGNER is a registered professional engineer or licensed land surveyor and the scope of work requires PROJECT DESIGNER's recommendation of the actual formula to spread the costs of an assessment district's improvements, then PROJECT DESIGNER shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) PROJECT DESIGNER has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which PROJECT DESIGNER received the income. In the event a conflict of interest does arise in that context, City shall select a different PROJECT DESIGNER to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to PROJECT DESIGNER.

20.4 To the extent required by the City Manager/designee, PROJECT DESIGNER shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

21 COMPLIANCE WITH LAW

21.1 PROJECT DESIGNER shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal

law to work in the United States. If PROJECT DESIGNER uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by PROJECT DESIGNER.

21.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

22 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

23 ENTIRE CONTRACT AND AMENDMENTS

23.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

23.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by PROJECT DESIGNER hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

23.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party’s right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

24 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

SIGNATURE AREA

Ronda Perez
City Manager

SVA ARCHITECTS:

SIGNATURE AREA

Robert M. Simons AIA
Partner & President

ADDRESS FOR NOTICE:
CITY OF PALMDALE
30250 Sierra Highway
Palmdale, CA 93550

ADDRESS FOR NOTICE:
SVA ARCHITECTS
6 Hutton Centre Drive, Suite 1150 Santa Ana, CA 92707

APPROVE AS TO FORM:

SIGNATURE AREA

William P. Curley, III
City Attorney

SIGNATURE AREA

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

EXHIBIT "A"
ARPA REQUIREMENTS

RECITAL:
On March 11, 2021, the American Rescue Plan Act ("ARP Act") was signed into law. The ARP Act was intended to provide increased aid to individuals, families, businesses, and governments affected by the COVID-19 pandemic. The ARP Act established and funded the Coronavirus State and Local Fiscal Recovery Funds (the "CSLFRF"), which included two hundred forty (240) billion dollars for state, territorial, local, and Tribal governments that are being used to fight the pandemic and accelerate local economic recovery.

MANDATORY CONTRACT PROVISIONS FOR ARP ACT EXPENDITURES:
Procurement processes for expenditures using American Rescue Plan Act (ARPA) funds generally follow state and local rules. In most cases, city procurement policies will satisfy the federal requirements. One notable difference is that federal procurement regulations mandate specific contract provisions in certain circumstances. There are no requirements for contracts or expenditures of less than $10,000. However, using ARPA funds for contracts in excess of $10,000 triggers the mandatory contract provisions in 2 CFR Part 200, Appendix II.

Most contract provisions are required only on those exceeding $100,000 or those for construction projects of any amount. However, mandatory contract provisions will apply if a city obligates ARPA funds to a contract that exceeds $100,000.

For ease of administration, below is an explanation of the mandatory contract provisions and model language necessary for compliance with federal law disclosures.

2 C.F.R. PART 200: APPENDIX II, CONTRACT PROVISIONS

- For contracts over $10,000, cities must include a provision that addresses termination for cause and convenience by the local government, including the process for termination and the basis for settlement.
- For contracts over $100,000, cities must include a provision that addresses administrative, contractual, or legal remedies if a contractor violates or breaches the contract, including sanctions and penalties for the breach.
- In accepting the ARPA award, local governments agreed to include an EEO statement in any federally assisted construction contract defined in 41 CFR Part 60-1.3. A federally assisted construction contract is defined as follows:
    - Any agreement or modification thereof between any applicant and a person for construction work which is paid for in whole or in part with funds obtained from the government or borrowed on the credit of the government pursuant to any federal program involving a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any federal program involving such grant, contract, loan, insurance, or guarantee, or any application or modification thereof approved by the government

for a grant, contract, loan, insurance, or guarantee under which the applicant itself participates in the construction work.

EQUAL EMPLOYMENT OPPORTUNITY:

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

1. *Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.*
2. *The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.*
3. *The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.*
4. *The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*
5. *The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.*
6. *The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his*

books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

7. *In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.*

8. *The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:*

***Provided**, however, that in the event a contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.*

Contracts that are in excess of $100,000 and involve the employment of mechanics or laborers must include provisions requiring compliance with the Contract Work Hours and Safety Standards Act as follows:

(1) Overtime requirements: No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such a workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such a workweek.

(2) Violation: liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of $10 for each calendar day on which such individual was required or permitted

to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The City of Palmdale shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower-tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

Contracts and subgrants in excess of $150,000 must contain a provision that requires the non-federal award to agree to comply with all applicable standards, orders, or regulations of the Clean Air Act and Federal Water Pollution Control Act.

CLEAN AIR ACT

(1) The contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.

(2) The contractor agrees to report each violation to the City of Palmdale and understands and agrees that the City of Palmdale will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.

(3) The contractor agrees to include these requirements in each subcontract exceeding $100,000 financed in whole or in part with American Rescue Plan Act funding.

FEDERAL WATER POLLUTION CONTROL ACT

(1) The contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.

(2) The contractor agrees to report each violation to the City of Palmdale and understands and agrees that the City of Palmdale will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.

(3) The contractor agrees to include these requirements in each subcontract exceeding $100,000 financed in whole or in part with American Rescue Plan Act funds.

Federal Water Pollution Control Act

(1) The contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.

(2) The contractor agrees to report each violation to the City of Palmdale and understands and agrees that the City of Palmdale will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency regional office.

(3) The contractor agrees to include these requirements in each subcontract exceeding $100,000 financed in whole or in part with American Rescue Plan Act funds.

In order to contract with the City, all parties must:

(a) Be registered in SAM.gov (https://sam.gov/content/home); and
(b) Maintain an active SAM registration with current information, including information on a recipient's immediate and highest-level owner and subsidiaries; and
(c) Provide its unique entity identifier to the City before a contract is executed; and
(d) Not have an active exclusion record on SAM.gov which would indicate the entity has been debarred.

As of April of 2022, all entities doing business with the federal government must use a Unique Entity ID created in SAM.gov The federal government has stopped using the DUNS number to uniquely identify entities.

Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352: Contractors that apply for a bid or award exceeding $100,000 must file the required certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency. Cities should include the Byrd Anti-Lobbying contract clause is as follows:

Contractors who apply or bid for an award of $100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the recipient.

BUY AMERICA PREFERENCE IN FEDERAL FINANCIAL ASSISTANCE PROGRAMS FOR INFRASTRUCTURE – RESTORE ACT

On November 15, 2021, President Biden signed into law the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("the Act"). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America's industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States."
RESTORE Act - Buy America Preference | U.S. Department of the Treasury."

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

1. Recipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964, as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent executive orders such as Executive Order 13166, directives, circulars, policies, memoranda, and/or guidance documents.

2. Recipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Recipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Recipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Recipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Recipient's programs, services, and activities.

3. Recipient agrees to consider the need for language services for LEP persons when Recipient develops applicable budgets and conducts programs, services, and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on taking reasonable steps to provide meaningful access for LEP persons, please visit http://www.lep.gov.

4. Recipient acknowledges and agrees that compliance with the assurances constitutes a condition of continued receipt of federal financial assistance and is

binding upon Recipient and Recipient's successors, transferees, and assignees for the period in which such assistance is provided.

5. Recipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and agrees to incorporate the following language in every contract or agreement subject to Title VI and its regulations between the Recipient and the Recipient's sub-grantees, contractors, subcontractors, successors, transferees, and assignees:

> *The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement*.

6. Recipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Recipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property.

7. Recipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Recipient shall comply with information requests, on-site compliance reviews and reporting requirements.

8. Recipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Recipient also must inform the Department of the Treasury if Recipient has received no complaints under Title VI.

9. Recipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other agreements between the Recipient and the administrative agency that made the finding. If the Recipient settles a case or matter alleging such discrimination, the Recipient must provide documentation of the

settlement. If Recipient has not been the subject of any court or administrative agency finding of discrimination, please so state.

10. If the Recipient makes sub-awards to other agencies or other entities, the Recipient is responsible for ensuring that sub-recipients also comply with Title VI and other applicable authorities covered in this document State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that that they are effectively monitoring the civil rights compliance of subrecipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurances document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

Under penalty of perjury, the undersigned official(s) certifies that official(s) has read and understood the Recipient's obligations as herein described, that any information submitted in conjunction with this assurances document is accurate and complete, and that the Recipient is in compliance with the aforementioned nondiscrimination requirements.

ARPA Regulations, 31 CFR Part 35 (“Regulations”) are incorporated herein and made a part of this Contract.

CONTRACTOR agrees to be bound by the reporting requirements set out in the Regulations. This includes submitting quarterly reports by the 15th of the month following the end of each quarter to the Director of Finance. The reports must include, but is not limited to, the use of the funds, documentation/receipts of the funds spent, description of the project and status of completion of the project. The Director of Finance may require additional information of CONTRACTOR for compliance with ARPA Regulations.

CONTRACTOR, in the performance of this Contract and as a sub-recipient of ARPA funds, as well as all of its subcontractors, must comply with the following:

1. CONTRACTOR, and any and all of its subcontractors, must ensure that they do not deny benefits, services or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity) in accordance with Title VI of the Civil Rights Act of 1964, Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23. CONTRACTOR will be required to submit data showing compliance with the above.

2. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.
3. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.
4. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower-tier covered transactions. (2 C.F.R. Part 180, subpart B) and that the award is subject to 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19.
5. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards found at 2 CFR Part 200 Appendix II.
6. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.
7. Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.
8. New Restrictions on Lobbying, 31 C.F.R. Part 21
9. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.
10. Section 2 CFR 200.323 regarding Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (EPA guidelines at 40 CFR Part 247).
11. Section 200.322 of 2 CFR 200.322, Domestic preferences for procurements.
12. Generally applicable federal environmental laws and regulations.

---------- INTERNAL USE ONLY ----------

■Certificate(s) and Endorsement(s) attached
■Confirmed business name on contract with certificate(s)
■Attached Agreement Checklist and met all requirements

City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH BOWMAN CONSULTING GROUP FOR DESIGN SERVICES FOR PN 895, HIGHWAY SAFETY IMPROVEMENT PROGRAM AND TRAFFIC SIGNAL IMPROVEMENTS PROJECT, FOR A TOTAL NOT TO EXCEED AMOUNT OF $438,863 FOR A TERM OF 215 WORKING DAYS FROM THE DATE OF THE NOTICE TO PROCEED**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-9107 with Bowman Consulting Group for design services for PN 895, Highway Safety Improvement Program (HSIP) and Traffic Signal Improvements Project for preliminary engineering/design for $438,863 which includes a contract amount of $389,876 plus a 10% contingency amount of $38,987 and administration amount of $10,000 for a term of 215 working days from the date of the notice to proceed; and,

2. Authorize the City Manager or her designee to execute the Agreement No. A-9107 with Bowman Consulting Group, including minimal and/or non-substantial changes.

BACKGROUND

In September 2022, Caltrans awarded the City Highway Safety Improvement Program (HSIP) grant funds for City-wide traffic signal modernization and pedestrian replacement. Caltrans HSIP authorized this project in April 2024 for the preliminary engineering/design phase at $450,000 with a $50,000 match for local return. The preliminary engineering/design phase will find and identify deficiencies at selected traffic signalized intersections and complete a final Plans, Specifications, and Estimates (PS&E). The PS&E will itemize those deficiencies that include, but are not limited to, replacing old wire, replace street signs with new reflectorized signs, installation of new

LED signal heads with backplates equipped with yellow reflective borders, ADA improvements such as more lead time for pedestrian intervals, high visibility pedestrian crosswalks, ADA curb ramps, and pedestrian push buttons that include Audible/Accessible Pedestrian Signal and/or touchless. These ADA improvements meet all general standards for ADA requirements. To anticipate unforeseen traffic signal conditions, we recommend adding a 10% design contingency to the design scope.

DISCUSSION

On July 25, 2024, a Request for Proposal (RFP) was advertised electronically through Planet Bids that included both local and non-local companies for engineering design with a sealed bid process. The sealed bids were submitted separately from the proposals. Only the top-ranking bid will have their sealed bid opened. On August 22, 2024, four bids were received. After reviewing the proposals, two bids were rejected and two bids moved on to the interview portion. After the interviews, Bowman Consulting Group was the top-ranking bid, and their sealed bid was opened. See below:

Bidder	Location	Amount
1. Bowman Consulting Group	Brea, CA	$389,876

FISCAL IMPACT

$438,863; This project is funded using Caltrans HSIP grant funds and Measure R Local Return matching funds budgeted in FY 2024-25 in Account Nos. T0163240-724525-1370 and T0163218-724525. Total project costs are summarized as follows:

Total Project Budget Summary	Cost
Agreement No. A-9107 for Engineering Design Services	$389,876
Design Contingency (10%)	$38,987
Administration (staff salary & benefits)	$10,000
Total Project Cost	**$438,863**

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone

Prepared by: Leonard Torres, P.E., Director of Public Works
Certified as to availability of Funds: Janelle Samson, Director of Operations
Approved by: Ronda Perez, City Manager

Approved as to form: William P. Curley, III, City Attorney

ATTACHMENTS

Agrmt No. A-9107 with Bowman Consulting Group

AGREEMENT NO. A-9107
CONTRACT FOR DESIGN PROFESSIONAL SERVICES
BETWEEN THE CITY OF PALMDALE AND BOWMAN CONSULTING GROUP

THIS CONTRACT FOR DESIGN PROFESSIONAL SERVICES ("Contract" herein) is made and entered into by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and BOWMAN CONSULTING GROUP (hereinafter called "PROJECT DESIGNER"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS**,** City desires to engage PROJECT DESIGNER to perform certain technical and professional services, as provided herein, in connection with that certain project identified as PN 895, HSIP Cycle 11 Traffic Signal Improvement.

WHEREAS, PROJECT DESIGNER represents that PROJECT DESIGNER has the expertise and is qualified to perform the services described in this Contract and is duly registered under the laws of the State of California.

WHEREAS, PROJECT DESIGNER desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages PROJECT DESIGNER, and PROJECT DESIGNER accepts such engagement, to perform the following design professional services in a manner satisfactory to CITY:

For PN 895, HSIP Cycle 11 Traffic Signal Improvements. Complete a full and thorough field investigation to collect data and measurements at each of the twenty-five (25) intersection locations, including, but not limited to. The purpose of the City's request is to modify selected traffic signals by finding deficiencies and replacing old traffic signal infrastructure. The work may include, but not limited to replacing old wire, new street name signs, new LED signal heads that have backplates equipped with retroreflective borders at all city traffic signals, which are more visible and conspicuous in both daytime and nighttime conditions, additional upgrading the traffic signals to meet ADA standards, including but not limited to leading pedestrian intervals, pedestrian high visibility crosswalks, curb ramps, pedestrian push buttons that include Audible/Accessible Pedestrian Signal (APS) and/or touchless. All necessary items for California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). All necessary items for Caltrans. The use of Virtual Project Management (VPM) for project support and planning. All necessary items for Southern California Edison to identify any complications, which includes load calculations and/or load diagrams can be required when planning for traffic signals. Utility information request will be sent out to all utility owners identified in the area by

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the City for his project.

See proposal attached.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 PROJECT DESIGNER shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 CITY shall provide to PROJECT DESIGNER, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

2 CITY PROJECT MANAGER

To provide the design professional services required by this Contract, PROJECT DESIGNER shall act under the authority and approval of a Project Manager appointed by the Director of Public Works/designee. The City Project Manager will oversee the work under this Contract, assist PROJECT DESIGNER with any necessary information, audit billings, and approve payments. PROJECT DESIGNER shall channel reports, deliverables and special requests through the City Project Manager.

3 PROJECT DESIGNER'S KEY PERSONNEL

PROJECT DESIGNER's Team and Key Personnel are as follows:

Amir Farahani – Project Manager

Aidan Mousavi - QA / QC Engineer

Yunus Rahi - Senior Traffic Engineer

This Design Professional Services Contract has been awarded to PROJECT DESIGNER based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed above. PROJECT DESIGNER shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 COMMENCEMENT AND COMPLETION OF WORK

The services for the Project shall commence when CITY, acting by and through its Project Manager, issues a written authorization to proceed. PROJECT DESIGNER shall complete all work described in the Description of Work and submit final

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deliverables within Two Hundred Fifteen (215) working days of said authorization. PROJECT DESIGNER shall have no claim for compensation for any services or work, which has not been authorized by CITY's authorization to proceed.

5 TAXES

5.1 PROJECT DESIGNER shall pay all sales, consumer, use, and other similar taxes required to be paid by PROJECT DESIGNER in accordance with state and local laws.

5.2 PROJECT DESIGNER is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by PROJECT DESIGNER or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 PROJECT DESIGNER shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

PROJECT DESIGNER shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. PROJECT DESIGNER shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

7.1 PROJECT DESIGNER shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. PROJECT DESIGNER shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY-furnished information.

7.2 PROJECT DESIGNER shall be familiar with CITY's Standard Details and Specifications and other relevant CITY regulations. PROJECT DESIGNER shall

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ensure there are no conflicts among the Contract Documents including, but not limited to, the CITY's Standard Specifications and Special Provisions for Construction Contracts, the plans and specifications prepared by PROJECT DESIGNER, any standard details or specifications incorporated therein by reference, and the Construction Contract.

8 PROJECT DESIGNER'S PERSONNEL

8.1 All services required under this Contract shall be performed by PROJECT DESIGNER, or under PROJECT DESIGNER's direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 PROJECT DESIGNER shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by CITY.

8.3 PROJECT DESIGNER shall be responsible for payment of all PROJECT DESIGNER's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

8.4 PROJECT DESIGNER shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from PROJECT DESIGNER's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

8.5 PROJECT DESIGNER shall pay, if required by applicable law, not less than the general prevailing hourly wage rates, as determined by the Director of the Department of Industrial Relations pursuant to the California Labor Code, for each craft, classification, or type of worker needed to perform the Contract. Copies of the prevailing rate of per diem wages are on file in the office of the Director of Public Works.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, Scope of Services, CITY shall pay to PROJECT DESIGNER an amount not to exceed the sum of THREE HUNDRED EIGHTY NINE THOUSAND EIGHT HUNDRED SEVENTY SIX dollars ($389876), as follows:

See fee schedule and proposal attached.

PROJECT DESIGNER shall perform no work in excess of the total contract price without prior approval of CITY. Total contract price includes expenses related to

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travel to and from CITY to meet with City and to appear before City Council or any other board or commission of CITY.

9.2 An application and certification for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting hours being billed for, a summary sheet showing percentage of work completed to date, amount/percent billed to date and current status of all tasks within the project; any/all backup documentation supporting the above items. Work schedule updates must also be included in the monthly progress payment requests.

9.3 PROJECT DESIGNER shall maintain adequate records and shall permit inspection and audit by CITY of PROJECT DESIGNER's charges under this Contract. PROJECT DESIGNER shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by PROJECT DESIGNER for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event PROJECT DESIGNER shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to PROJECT DESIGNER, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by PROJECT DESIGNER of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent of the law, and consistent with Civil Code section 2782.8, PROJECT DESIGNER agrees to defend, indemnify, hold free and harmless the CITY, its elected and appointed officials, officers, agents and employees, at PROJECT DESIGNER's sole expense, from and against any and all claims, demands, actions, suits or other legal proceedings brought against CITY, its elected and appointed officials, officers, agents, and employees to the extent arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of the PROJECT DESIGNER, its employees, and/or authorized subcontractors, in performing design professional services pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence, recklessness or willful misconduct of the PROJECT DESIGNER, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, recklessness, or willful misconduct of PROJECT DESIGNER, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the CITY, its elected and appointed officials, officers, agents, and employees based upon such negligence, recklessness, or willful misconduct, whether or not the PROJECT DESIGNER, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing,

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the PROJECT DESIGNER shall not be liable for the defense or indemnification of the CITY for claims, actions, complaints or suits arising out of the sole or active negligence or willful misconduct of the CITY. Further, in no event shall the cost to defend charged to the design professional exceed the design professional's proportionate percentage of fault, unless otherwise specified in Civil Code section 2782.8. This provision shall supersede and replace all other indemnity provisions contained either in the CITY's specifications or PROJECT DESIGNER's Proposal, which shall be of no force and effect.

11 INSURANCE

11.1 PROJECT DESIGNER, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed, and accepted by the City Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability -- $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability (Errors & Omissions) Insurance*

- $1,000,000 limit on a per occurrence basis

11.1.3 Commercial General Liability

- $1,000,000.00 limit on per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of PROJECT DESIGNER's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not

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contributing insurance with the insurance required hereunder. The Certificate and endorsements shall state that: “The City of Palmdale, City of Palmdale in its capacity as the Successor Agency to the CRA, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured”.

B. “Severability of Interest” clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, PROJECT DESIGNER shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that PROJECT DESIGNER has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, PROJECT DESIGNER shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by PROJECT DESIGNER are not intended to and shall not in any manner limit or qualify PROJECT DESIGNER’s liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that PROJECT DESIGNER elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer’s right of subrogation against CITY.

11.7 All insurance coverages must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When professional (E&O) liability coverage is provided on a “claims made basis”, PROJECT DESIGNER will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover PROJECT DESIGNER, or its officers, employees, or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time PROJECT DESIGNER fails to maintain the

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required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

11.10 PROJECT DESIGNER shall require any and all subcontractor's working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of PROJECT DESIGNER shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be PROJECT DESIGNER's sole risk. PROJECT DESIGNER's insurance requirements in Section 11 will not be impacted and/or limited by such deviation.

12 TERMINATION WITHOUT CAUSE

City reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, PROJECT DESIGNER shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. PROJECT DESIGNER shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the PROJECT DESIGNER shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the PROJECT DESIGNER has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, the City shall give written notice to the PROJECT DESIGNER specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the PROJECT DESIGNER has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the PROJECT DESIGNER to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the PROJECT DESIGNER. Upon such termination, the PROJECT DESIGNER shall be paid an amount equal to the value of the services provided and work performed as of the date

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of termination. Such payment by the City may take into consideration the costs associated with hiring another PROJECT DESIGNER to complete the services. In the event no new PROJECT DESIGNER is employed, the PROJECT DESIGNER shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents when such are delivered to CITY, and to authorized reimbursement expenses.

The above is in addition to any other remedies available by law or equity to the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that the PROJECT DESIGNER was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and PROJECT DESIGNER arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, tracings, drawings, plans, specifications, original mylars, estimates, field notes, investigations, design analysis and studies which are prepared in the performance of this Contract are to be, and remain the property of, CITY. PROJECT DESIGNER shall furnish CITY, upon its request, originals or reproducible or electronic copies of technical specifications and of all other documents listed above. PROJECT DESIGNER shall endorse, by his professional seal, all plans and data furnished by him.

16 RE-USE OF DOCUMENTS

The parties agree the documents, drawings, specifications, and designs, although the property of CITY, are prepared for a specific project and are not intended nor represented by PROJECT DESIGNER to be suitable for re-use for any other project. Any reuse without written verification or adaptation by PROJECT DESIGNER for the specific purpose intended will be at CITY’s sole risk and without liability or legal exposure to PROJECT DESIGNER.

17 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

17.1 PROJECT DESIGNER shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to PROJECT

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DESIGNER from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegee or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegee or subcontractor shall include the following:

A. The amount involved, together with PROJECT DESIGNER's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

17.2 Any assignment, delegation or subcontract shall be made in the name of PROJECT DESIGNER and shall not bind or purport to bind CITY and shall not release PROJECT DESIGNER from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to PROJECT DESIGNER under this Contract.

18 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

18.1 In performance of this Contract, PROJECT DESIGNER shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. PROJECT DESIGNER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex, national origin, handicap, or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

18.2 The provisions of subsection 18.1 above shall be included in all solicitations or advertisements placed by or on behalf of PROJECT DESIGNER for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of PROJECT DESIGNER and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive

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Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

19 FINANCIAL INTEREST CERTIFICATION

19.1 PROJECT DESIGNER warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in PROJECT DESIGNER's firm.

19.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

20 CONFLICT OF INTEREST

20.1 PROJECT DESIGNER stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause PROJECT DESIGNER to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

20.2 PROJECT DESIGNER shall not employ any City official or employee to perform any work required pursuant to this Contract.

20.3 If PROJECT DESIGNER is a registered professional engineer or licensed land surveyor and the scope of work requires PROJECT DESIGNER's recommendation of the actual formula to spread the costs of an assessment district's improvements, then PROJECT DESIGNER shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) PROJECT DESIGNER has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which PROJECT DESIGNER received the income. In the event a conflict of interest does arise in that context, City shall select a different PROJECT DESIGNER to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to PROJECT DESIGNER.

20.4 To the extent required by the City Manager/designee, PROJECT DESIGNER shall complete and file with the City Clerk a Form 700 Statement of Economic

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Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

21 COMPLIANCE WITH LAW

21.1 PROJECT DESIGNER shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If PROJECT DESIGNER uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by PROJECT DESIGNER.

21.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

22 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

23 ENTIRE CONTRACT AND AMENDMENTS

23.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

23.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by PROJECT DESIGNER hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

23.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party’s right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

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24 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

SIGNATURE AREA

Ronda Perez
City Manager

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway, Suite A
Palmdale, CA 93550

APPROVE AS TO FORM:

SIGNATURE AREA

William P. Curley, III
City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

BOWMAN CONSULTING GROUP:

SIGNATURE AREA

Farzad Dorrani
Principal of Operations

ADDRESS FOR NOTICE:
BOWMAN CONSULTING GROUP
3060 Saturn Street Brea, CA 92821

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---------- INTERNAL USE ONLY ----------

□Certificate(s) and Endorsement(s) attached
□Confirmed business name on contract with certificate(s)
□Attached Agreement Checklist and met all requirements

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City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
MAINTENANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE REQUISITION WITH SITEONE LANDSCAPE SUPPLY, LLC FOR LANDSCAPE AGGREGATE, BOULDERS, AND MATERIALS IN AN AMOUNT NOT TO EXCEED $252,945 FOR FY 2024-25**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Requisition No. 250493 with SiteOne Landscape Supply, LLC for landscape aggregate, boulders, and materials in an amount not to exceed $252,945 for Fiscal Year 2024-25; and,

2. Authorize the City Manager or her designee to execute Requisition No. 250493 and the resulting Purchase Order with SiteOne Landscape Supply, LLC for an amount not to exceed $252,945, including minimal and/or non-substantial changes.

BACKGROUND

The Maintenance Division uses landscape rock aggregate, boulders, and materials for landscape renovation and maintenance projects at City parks and facility grounds, Palmdale Transportation Center, Park and Rides, General Benefit Landscape areas, and Landscape Maintenance Districts.

The City released an Invitation for Bid (IFB) No. 22-007-3400 for Landscape Aggregate, Boulders, and Materials in October 2022. SiteOne Landscape Supply, LLC was the lowest responsive bidder and issued an intent to award in January 2023, for Fiscal Year 2022-23, with an option to extend the purchase order contract two additional fiscal years.

In October 2023, the first option to extend the purchase order contract was exercised for an additional one-year period for Fiscal Year 2023-24 which included completion of the first phase of the North Pelona Vista Park trail renovations.

DISCUSSION

With this requisition, the second and final option to extend the purchase order contract will be exercised for an additional one-year period through June 30, 2025 (Fiscal Year 2024-25) in the amount of $252,945.

Landscape enhancement projects, and the materials purchased from SiteOne Landscape Supply, LLC, are essential for beautifying and sustaining city grounds and community green spaces, maintaining landscape quality, and providing safe and attractive public spaces and infrastructure.

Projects identified for Fiscal Year 2024-25 include the following locations:

- Palmdale Transportation Center round-about and planters
- Pelona Vista Park trail maintenance and Park & Ride frontage planter
- Desert Sands Park frontage planter
- Palmdale Blvd Frontage Rd between 3rd Street East and 2nd Street East
- Palmdale Blvd center medians east and west of 3rd Street East
- LMD 41 planters (located near Rancho Vista Blvd and Avenue P-8 between 20th Street West and 22nd Street West)
- LMD 122 planters (located near Pearblossom Hwy and Avenue S-11 between 37th Street East and 40th Street East)
- LMD 51 planters (located near Avenue R between Amethyst St and 50th Street East)

FISCAL IMPACT

$252,945; funds for the requisition and resulting blanket purchase order are budgeted for FY 2024-25 in the following operating accounts:

Account	Description	Amount
25133003-735100-3610	Landscape Assessment Districts	$50,000
10133003-735100	General Benefit Landscapes	$35,000
10133002-732920	Park Maintenance	$23,187
20333005-732910-3410	Palmdale Transportation Center	$63,594
P0109157-724525-1217	Measure AV Park Improvements-Landscape	$26,921
P0109157-724525-1221	Measure AV Park Improvements-Pathways	$54,243
TOTAL		**$252,945**

STRATEGIC PLAN

Goal III. Invest in infrastructure to improve community livability.

A. Seek innovative, cost-effective, customer-focused methods of service delivery.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Req. No. 250493 with SiteOne Landscape Supply, LLC

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
PALMDALE, CA	Review:
93550	Buyer: mharris
	Status: Approved Page 1

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC	PUBLIC WORKS/MAINTENANCE
1385 EAST 36TH STREET	39110 3RD ST EAST
	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
	General Notes --- THIS BLANKET PURCHASE ORDER FOR FY 2024-2025, COMMENCING JULY 1, 2024, AND EXPIRING JUNE 30, 2025, IS THE RESULT OF IFB 22-007-3400 LANDSCAPE AGGREGATE, BOULDERS, AND MATERIALS(AS-NEEDED). THIS IS THE FINAL OF TWO OPTIONS TO RENEW. REQUISITION 250493 PENDING CITY COUNCIL'S APPROVAL ON: NOVEMBER 20, 2024. FOR THE PURCHASE OF AS-NEEDED AGGREGATE MATERIALS FOR LANDSCAPE AND PARK MAINTENANCE RENOVATIONS. GOING TO COUNCIL 11/20/24			
001	GOLD STABILIZED DG - LANDSCAPE	1.00	21000.00000	21000.00
	1 25133003-735100-3610		21000.00	
002	ARIZONA RIVER ROCK 3"-6" - LANDSCAPE	1.00	22000.00000	22000.00
	1 25133003-735100-3610		22000.00	
003	MOHAVE GOLD BOULDER - LANDSCAPE	1.00	2000.00000	2000.00
	1 25133003-735100-3610		2000.00	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
PALMDALE, CA	Review:
93550	Buyer: mharris
	Status: Approved Page 2

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC	PUBLIC WORKS/MAINTENANCE
1385 EAST 36TH STREET	39110 3RD ST EAST
	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
004	MOHAVE SUNSET BOULDER - LANDSCAPE	1.00	2000.00000	2000.00
	1 25133003-735100-3610		2000.00	
005	GRANITE BOULDER - LANDSCAPE	1.00	3000.00000	3000.00
	1 25133003-735100-3610		3000.00	
006	ARIZONA RIVER ROCK 3"-6" - GEN BEN	1.00	14500.00000	14500.00
	1 10133003-735100		14500.00	
007	GOLD STABILIZED DG - GEN BEN	1.00	6700.00000	6700.00
	1 10133003-735100		6700.00	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT 38300 SIERRA HWY STE D PALMDALE, CA 93550	Acct No: 25133003-735100-3610 Review: Buyer: mharris Status: Approved

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC 1385 EAST 36TH STREET CLEVELAND, OH 44114 Tel#7472634255	PUBLIC WORKS/MAINTENANCE 39110 3RD ST EAST PALMDALE, CA 93550 tepley@cityofpalmdale.org Delivery Reference TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
008	MOHAVE SUNSET CRUSHED ROCK - GEN BEN	1.00	7300.00000	7300.00
1	10133003-735100		7300.00	
009	MOHAVE GOLD BOULDER - GEN BEN	1.00	3000.00000	3000.00
1	10133003-735100		3000.00	
010	MOHAVE SUNSET BOULDER - GEN BEN	1.00	3500.00000	3500.00
1	10133003-735100		3500.00	
011	GOLD STABILIZED DG - PARKS	1.00	54243.00000	54243.00
1	P0109157-724525-1221		54243.00	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT 38300 SIERRA HWY STE D PALMDALE, CA 93550	Acct No: 25133003-735100-3610 Review: Buyer: mharris Status: Approved

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC 1385 EAST 36TH STREET CLEVELAND, OH 44114 Tel#7472634255	PUBLIC WORKS/MAINTENANCE 39110 3RD ST EAST PALMDALE, CA 93550 tepley@cityofpalmdale.org Delivery Reference TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
012	MOHAVE GOLD OR SUNSET 3/4"CRUSHED ROCK - PARKS	1.00	14222.25000	14222.25
1	10133002-732920		14222.25	
013	MOHAVE SUNSET 1"-3" CRUSHED ROCK - PARKS	1.00	4851.00000	4851.00
1	10133002-732920		4851.00	
014	MOHAVE SUNSET BOULDER - PARKS	1.00	1234.80000	1234.80
1	10133002-732920		1234.80	
015	MOHAVE GOLD BOULDER - PARKS	1.00	1234.80000	1234.80
1	10133002-732920		1234.80	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT 38300 SIERRA HWY STE D PALMDALE, CA 93550	Acct No: 25133003-735100-3610 Review: Buyer: mharris Status: Approved

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SITEONE LANDSCAPE SUPPLY, LLC 1385 EAST 36TH STREET CLEVELAND, OH 44114 Tel#7472634255	PUBLIC WORKS/MAINTENANCE 39110 3RD ST EAST PALMDALE, CA 93550 tepley@cityofpalmdale.org Delivery Reference TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
016	GRANITE BOULDER - PARKS	1.00	1642.73000	1642.73
	1 10133002-732920		1642.73	
017	GOLD STABILIZED DG - PTC	1.00	2260.13000	2260.13
	1 20333005-732910-3410		2260.13	
018	MOHAVE GOLD OR SUNSET 3/4" CRUSHED ROCK - PTC	1.00	42666.75000	42666.75
	1 20333005-732910-3410		42666.75	
019	MOHAVE SUNSET 1"-3" CRUSHED ROCK - PTC	1.00	14553.00000	14553.00
	1 20333005-732910-3410		14553.00	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
PALMDALE, CA	Review:
93550	Buyer: mharris
	Status: Approved

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC	PUBLIC WORKS/MAINTENANCE
1385 EAST 36TH STREET	39110 3RD ST EAST
	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
020	MOHAVE SUNSET BOULDER - PTC	1.00	1234.80000	1234.80
	1 20333005-732910-3410		1234.80	
021	MOHAVE GOLD BOULDER - PTC	1.00	1234.80000	1234.80
	1 20333005-732910-3410		1234.80	
022	GRANITE BOULDER - PTC	1.00	1642.73000	1642.73
	1 20333005-732910-3410		1642.73	
023	GOLD STABILIZED DG - PARK-N-RIDES	1.00	4520.25000	4520.25
	1 P0109157-724525-1217		4520.25	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
PALMDALE, CA	Review:
93550	Buyer: mharris
	Status: Approved

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC	PUBLIC WORKS/MAINTENANCE
1385 EAST 36TH STREET	39110 3RD ST EAST
	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
024	MOHAVE GOLD OR SUNSET 3/4" CRUSHED ROCK - PARK-N-RIDES	1.00	9481.50000	9481.50
	1 P0109157-724525-1217		9481.50	
025	MOHAVE SUNSET 1"-3" CRUSHED ROCK - PARK-N-RIDES	1.00	8805.00000	8805.00
	1 P0109157-724525-1217		8805.00	
026	MOHAVE SUNSET BOULDER - PARK-N-RIDES	1.00	1234.80000	1234.80
	1 P0109157-724525-1217		1234.80	
027	MOHAVE GOLD BOULDER - PARK-N-RIDES	1.00	1234.80000	1234.80
	1 P0109157-724525-1217		1234.80	

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
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93550	Buyer: mharris
	Status: Approved

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	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
028	GRANITE BOULDER - PARK-N-RIDES	1.00	1642.73000	1642.73
1	P0109157-724525-1217		1642.73	

Requisition Link

Requisition Total 252939.87

***** General Ledger Summary Section *****

Account	Amount	Remaining Budget
10133002-732920	23185.58	7658893.37
10133003-735100	35000.00	7658893.37
20333005-732910-3410	63592.21	7658893.37
25133003-735100-3610	50000.00	7658893.37
P0109157-724525-1217	26919.08	1586507.80
P0109157-724525-1221	54243.00	1586507.80

***** Approval/Conversion Info *****

Activity	Date	Clerk	Comment
E-mail	10/08/24	Joyce Workman	e-mail notification sent
E-mail	10/08/24	Bruce Roadhouse	e-mail notification sent
E-mail	10/08/24	Paul Wood	e-mail notification sent
E-mail	10/08/24	Stephanie Autry	e-mail notification sent
E-mail	10/08/24	Salvador Mendez	e-mail notification sent
E-mail	10/08/24	Steve Montenegro	e-mail notification sent
E-mail	10/08/24	Hamed Hashemian	e-mail notification sent
E-mail	10/08/24	Janelle Samson	e-mail notification sent
E-mail	10/08/24	Matthew Harris	e-mail notification sent
E-mail	10/08/24	Candice Mantell	e-mail notification sent

Bill To	Requisition 00250493-00 FY 2025
FINANCE DEPARTMENT	
38300 SIERRA HWY	Acct No:
STE D	25133003-735100-3610
PALMDALE, CA	Review:
93550	Buyer: mharris
	Status: Approved Page 9

Vendor	Ship To
SITEONE LANDSCAPE SUPPLY, LLC	PUBLIC WORKS/MAINTENANCE
1385 EAST 36TH STREET	39110 3RD ST EAST
	PALMDALE, CA 93550
CLEVELAND, OH 44114	tepley@cityofpalmdale.org
Tel#7472634255	Delivery Reference
	TEPLEY/PWOOD

Date Ordered	Vendor Number	Date Required	Ship Via	Terms	Department
10/04/24	009056	10/15/24			LANDSCAPE MAINTENANCE -97-1

LN	Description / Account	Qty	Unit Price	Net Price
	E-mail 10/08/24 Dawn McIntosh		e-mail notification sent	

Authorized By: _____ Date: _____
Signature

Bid



Palmdale CA #451
37810 Sierra Hwy
Palmdale, CA 93550
W: (661)947-2117

Bill To:

City Of Palmdale (#124372)
38300 Sierra Hwy
Palmdale, CA 93550-4611
C: (661)267-5332

Ship To:

City Of Palmdale (#124372)
38300 Sierra Hwy
Palmdale, CA 93550-4611
C: (661)267-5332

Created	Quote#	Due Date	Expected Award Date	Expiration Date
09/18/2024	7232223	09/18/2024	10/18/2024	10/18/2024

Printed	Job Name	Job Description	Job Start Date
09/18/2024 18:29:20	Aggregate Materials - Renewal	39110 3rd Street East Palmdale, CA 93550	10/18/2024

Line #	Item #	Item Desc	Qty	UOM	Unit Price	Extended Price
1	DAGG-1354	Bulk California Gold Decomposed Granite Stabilized	350	TN	82.000	28,700.00
2	BAZ36-TN	Bulk Arizona River Rock 3 in. - 6 in.	100		129.000	12,900.00
3	DAGG-0114-TN	Bulk California Gold Gravel 3/8 in.	100	TN	89.000	8,900.00
4	DAGG-0174-TN	Bulk California Gold Gravel 3/4 in.	125	TN	86.000	10,750.00
5	MESAGOLD12-TN	Bulk Mesa Gold 1 in. - 2 in.	125		88.000	11,000.00
6	MOJSUNS12-TN	Bulk Mojave Red Sunset 1 in. - 2 in.	125		88.000	11,000.00
7	BOLD-0212	Mojave Gold Boulders ***Item Note:*** *1'-2'*	20	TN	112.000	2,240.00
8	BOLD-0427	Sierra Boulders ***Item Note:*** *1'-2'*	20	TN	149.000	2,980.00
9	MOJAVREDSUNBLDR-TN	Bulk Mojave Red Sunset Boulders ***Item Note:*** *1'-2'*	20		112.000	2,240.00
10	BOLD-0217-TN	Malibu Boulder ***Item Note:*** *1'-2'*	10	TN	217.000	2,170.00
11	Shortloadfee	Short Load Fee	1		350.000	350.00
12	NOTE	Note: ***Item Note:*** *Pricing valid on full load quantities or quoted quantites only. Subject to change. Sales tax is estimated and will be billed accordingly.*		EA		

Total Price: $ 93,230.00
Total Tax: $ 9,556.08
Total: $ 102,786.08

Quoted price is for material only. Applicable sales tax will be charged when invoiced. All product and pricing information is based on the latest information available and is subject to change without notice or obligation.
Local tax may differ based on locations and local codes.

City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-084, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO ADOPT THE CITY OF PALMDALE LOCAL ROAD SAFETY PLAN**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-084, a Resolution of the City Council of the City of Palmdale to adopt the City of Palmdale Local Road Safety Plan; and,

2. Authorize the Mayor to execute Resolution No. CC 2024-084, a Resolution of the City Council of the City of Palmdale to adopt the City of Palmdale Local Road and Safety plan.

BACKGROUND

The Palmdale Local Road Safety Plan (LRSP) serves as the City's guide for transportation improvements in Palmdale, with the core goals of improving safety for all road users. The LRSP:

- Aligns with the vision and goals in the Palmdale 2045 General Plan and the Palmdale Sustainable Transportation Plan.
- Is an addendum to the Sustainable Transportation Plan adopted on June 7, 2023.
- Develops safety measures using the four E's of safety: Engineering, Enforcement, Education, and Emergency Response to encourage safer driver behavior and lower severity outcomes.
- Examined crash data and identified locations that will benefit from safety enhancements.
- Includes recommendations to improve safety at specific high-crash locations and reduce serious injury and fatal collisions.

Through the LRSP the City continues its safety efforts by identifying areas of emphasis and systemic recommendations to enhance safety for all road users. The consulting firm Kimley-Horn worked with City staff to develop the LRSP.

DISCUSSION

The LRSP is a prerequisite for obtaining certain grant funds made available under various federal, state, regional, and local programs. The Council's adoption of the LRSP will help strengthen the City's standing when applying for future transportation grants with a focus on enhancing transportation safety in Palmdale. For example, a Council-adopted LRSP is required when applying through the US Department of Transportation's (USDOT) Federal Highway Administration (FHWA) for funding toward improvements to surface roadways, including pedestrian and bicycle infrastructure.

The LRSP may be accessed at: https://cityofpalmdale.mysocialpinpoint.com/stp.

FISCAL IMPACT

$0; There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

D. Pursue alternative financing opportunities for continued infrastructure improvements and quality community programs.

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Reso. No. CC 2024-084
Local Road Safety Plan
PPT Local Road Safety Plan

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-084

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, TO ADOPT THE CITY OF PALMDALE LOCAL ROAD SAFETY PLAN.

WHEREAS, the City of Palmdale adopted Resolution No. CC 2024-084 on November 20, 2024, to establish a Local Road Safety Plan (LRSP) for the City of Palmdale. The LRSP has been developed by our consultant team, City staff, representatives of various state, county and local governmental agencies, the public and other stakeholder organizations; and

WHEREAS*,* the City of Palmdale wants to enhance traffic safety, and equity within its communities; and

WHEREAS*,* the City of Palmdale is committed to improving safety for all road users through patterns that have been identified in a crash analysis. The goal of the LRSP is to reduce traffic collisions with strategic investment, and help the City reach our goal of zero transportation fatalities; and

WHEREAS, certain grants from federal, state, regional and local programs require cities to adopt a LRSP to receive transportation funding. The LRSP, attached herein; and

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City LRSP is hereby adopted.

SECTION 2. The City Council hereby directs the City Clerk to submit a certified copy of this Resolution to the Los Angeles County Recorder for recordation.

/
/
/
/
/
/
/
/
/

SECTION 3. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 20th day of November, 2024.

_____
Austin Bishop
Mayor

APPROVED AS TO FORM:

_____
William P. Curley, III
City Attorney

ATTEST:

_____
Rochelle Scott
City Clerk

I, Rochelle, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 20th day of November, 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

Palmdale

Local Roadway Safety Plan



(Per Section 148 of Title 23, United States Code [23 U.S.C. §148(h) (4)] REPORTS

DISCOVERY AND ADMISSION INTO EVIDENCE OF CERTAIN REPORTS, SURVEYS,AND INFORMATION—Notwithstanding any other provision of law, reports, surveys, schedules, lists, or data compiled or collected for any purpose relating to this section, shall not be subject to discovery or admitted into evidence in a Federal or State court proceeding or considered for other purposes in any action for damages arising from any occurrence at a location identified or addressed in the reports, surveys, schedules, lists, or other data.)

SIGNED BY _____

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Executive Summary

The City of Palmdale adopted a Sustainable Transportation Plan on June 7, 2023, and the Local Roadway Safety Plan (LRSP) is an addendum to that plan. The LRSP identifies additional emphasis areas to inform and guide further safety evaluation of the City's transportation network. The plan analyzes crash data previously used in the Sustainable Transportation Plan. With discussion from City Staff, and the public, new specific locations were identified. The Local Roadway Safety Plan is built off the analysis of the Safety Plan section of the Sustainable Transportation Plan. Although the methodology is similar, new analysis was conducted based on additional project locations, and emphasis areas. The Local Roadway Safety Plan is an addendum that shows the Citys' of Palmdale dedication to implement effective roadway safety strategies, such as traffic calming measures, improved signage and markings, pedestrian and cyclist-friendly infrastructure, and enhance driver education, and awareness programs. By actively addressing safety concerns and collaborating with local authorities and stakeholders, the City of Palmdale aims to create a safer and more efficient transportation network. Through the systemic analysis for both the Sustainable Transportation Plan and the Local Roadway Safety Plan it continues to align with the opportunity for the City to:

1. Identify factors in the transportation network that reduce safety for all roadway users;
2. Improve safety at specific high-crash locations, and reduce serious injury and fatal collisions, and
3. Develop safety measures using the four E's of safety: Engineering, Enforcement, Education, and Emergency Response to encourage safer driver behavior and lower severity outcomes. With this plan, the City continues its safety efforts by identifying areas of emphasis and systemic recommendations to enhance safety.

The City's vision is to enhance the transportation network and reduce traffic fatalities and serious injury related crashes, and the goals for the City of Palmdale are in support of General Plan Goal CM-1:

- Build and maintain a transportation system that is safe and comfortable for travelers of all modes regardless of age or ability.

As well as its sub-goals:

- **CM-1.1 Roadway design.** Design and maintain the public right-of-way through a complete streets approach that facilitates safe, comfortable, and efficient travel for all roadway users.
- **CM-1.2 Modal conflicts.** Use a systemic safety approach to proactively identify opportunities to improve safety where conflicts between users exist.

- **CM-1.3 Network gaps.** Identify and program mitigation measures for gaps and deficiencies in the transportation system to accommodate each major transportation mode.
- **CM-1.4 Speed management.** Include speed reducing elements along local and connector roadways and within all new private development projects.

The General Plan Goal CM-1 are furthered by this plan through these targeted objectives:

Objective #1: Identify high-risk crash zones.

Objective #2: Demonstrate the significance of a comprehensive safety program and the systematic approach.

Objective #3: Develop safety improvement plans for near-,mid-, and long-term.

Objective #4: Idenitfy safety projects for consideration of funding through HSIP and other program sources.

This plan analyzes a range of crash data (January 1, 2017 – December 31, 2021) and roadway characteristics to assess historic trends, and areas of increasing concern. While the COVID-19 pandemic altered traffic conditions and crash patterns in 2020 and 2021, these years were ultimately included to understand recent trends.

Furthermore, an analysis of collision history was conducted to identify locations that exhibit a higher risk of collisions, based on either their past collision history or their similarities to other locations with frequent collision pattern. Through a comprehensive network screening process, specific locations within the City were pinpointed as having the greatest impact with implementation of safety enhancements. Additionally, collision risk factors for the entire network were derived. These findings informed the identification and prioritization of engineering and non-infrastructure safety measures aimed at addressing specific roadway characteristics and behaviors that contribute to motor vehicle collisions involving active transportation users.

Emphasis areas were developed by revisiting the vision and goals developed at the beginning of the planning process and comparing them with the trends and patterns identified in the collision analysis.

Emphasis Area #1: Unsignalized Intersection Improvements

Emphasis Area #2: Vulnerable Road Users Improvements (Pedestrians & Bicyclists)

Emphasis Area #3: Traffic Calming Improvement

The following 10 project locations were chosen as three (3) systemic projects and seven (7) corridor projects:

1. 30th Street East and Olive Drive
2. 30th Street East and Avenue Q

3. 20th St East : Avenue Q to Palmdale Boulevard
4. Avenue R-4 and 25th Street East
5. Avenue Q-7: 2nd Street East to Stanridge Avenue
6. 2nd Street East: Avenue Q-7 to Avenue Q-4
7. 3rd Street East: Palmdale Boulevard to Avenue Q-7
8. Division Street and Kimberly Lane
9. Avenue R-4 and Palm Vista Avenue
10. Cisero Drive and 57th Street East

These locations were identified through a comprehensive analysis process that considered various factors such as collision histories, stakeholder engagement, observed collision patterns, and differing characteristics. The goal was to gain valuable insights into potential systemic safety countermeasures that the City can implement to achieve cost-effective safety benefits. It is important to note that these locations were not necessarily chosen based solely on the number of collisions, but rather on their diverse characteristics, providing a wide range of solutions applicable to most areas within the City. The findings from these project locations should not be seen as a prioritized project list, but rather as opportunities for systemic and corridor safety enhancements throughout the City.

Near-term action items were identified to accelerate the City's achievement of the goals and vision of this LRSP. The City may:

- Actively seek other funding opportunities to improve safety for all modal users,
- Collaborate with established safety partners & neighboring municipalities as improvements are made to create a cohesive transportation network, and
- Iteratively evaluate existing and proposed transportation safety programs and capital improvements to design a safer transportation network in the City of Palmdale

These recommendations provide the City of Palmdale with a look-ahead for safety improvements that can be applied systemically. Additionally, this information can be used to help the City apply for grants and other funding opportunities to implement these safety improvements.

To develop these countermeasures, references were made to both the California Local Roadway Safety manual (LRSM) and Caltrans Proven Safety Countermeasures, while adhering to the principles of the Safe System Approach. The potential benefit and cost of each countermeasure were evaluated. By extrapolating the potential benefits of these countermeasures to locations with similar design characteristics, proactive safety enhancements can be implemented, regardless of past collision history, to prevent future safety challenges. Additionally, this information can be utilized to support the City's application for grants and other funding opportunities to implement safety improvements. Regular monitoring and updates will be conducted based on the analysis performed in this plan. A comprehensive plan update will be required five years after the City Council adopts this plan, which will maintain eligibility for HSIP funding.

Introduction

The Local Roadway Safety Plan identifies emphasis areas that will inform and guide further evaluation of the City's transportation network. These areas include the type of crashes, specific locations, and notable relationships between current efforts and crash history. The plan analyzes crash data both in aggregate and at specific locations to identify areas with high crash rates, high-risk locations, and city-wide trends and patterns. This analysis of crash history throughout the City's transportation network presents several opportunities:

1. Identify factors in the transportation network that reduce safety for all roadway users;
2. Improve safety at specific high-crash locations; and,
3. Develop safety measures using the four E's of safety (Engineering, Enforcement, Education, and Emergency Response) to encourage safer driver behavior and lower severity outcomes.

Palmdale has taken steps to enhance all modal safety throughout the City and with this plan, Palmdale is continuing to prioritize safety in its planning processes. The Local Roadway Safety Plan serves as an addendum to the Sustainable Transportation Plan. It complements the broader goals and visions outlined in the Sustainable Transportation Plan by specifically addressing the safety aspect of the City's transportation network. By identifying emphasis areas and analyzing crash data, the Local Roadway Safety Plan helps inform and guide further safety evaluation and improvement efforts. This integration ensures that safety considerations are integrated into the overall planning and development of the City's transportation system, promoting a holistic and sustainable approach to transportation. The following are the general six step process that was used as a framework when developing the Local Roadway Safety Plan (LRSP):

Step 1: Establish Leadership

Identify a Champion who will lead the LRSP development process.

Convene a Working Group to collaborate on the development of the plan.

Step 2: Analyze Safety Data

Gather relevant safety data, including crash data and other safety data sources.

Conduct data analysis to identify trends and patterns.

Step 3: Determine Emphasis Areas

Identify specific areas of focus for the LRSP based on the analysis of safety data.

Set objectives and performance measures for each emphasis area.

Step 4: Identify Strategies

Categorize and review potential strategies that can address the identified emphasis areas.

Propose ordinances and policies as necessary to support the strategies.

Step 5: Prioritize and Incorporate Strategies

Determine priorities among the identified strategies based on the objectives and performance measures.

Determine the intended implementation approach for each strategy.

Incorporate the strategies into the LRSP.

Step 6: Evaluate and Update the LRSP

Monitor the progress of implementing the strategies outlined in the LRSP.

Conduct periodic evaluations to assess the effectiveness of the plan.

Maintain the LRSP as a living document that can be updated and revised as needed.

The intent of the LRSP is to increase road safety awareness, reduce fatal and severe-injury crashes, develop partnerships, support grant applications, and prioritize investment in traffic safety.

2. Vision and Goals

The vision and goals for the Local Roadway Safety Plan aligns closely with those of the Sustainable Transportation Plan. Both plans aim to create a safe and sustainable transportation network for the city. They share a common goal of reducing crashes and improving the overall safety of the roadways. Additionally, both plans prioritize the integration of safety consideration into the planning and development process, ensuring that safety is a fundamental component of the City's transportation system. Through analysis of historical data and trends, community outreach and input, and proactive identification, safety opportunities can be identified and implemented without relying solely on a reaction and response to crashes as they occur. By aligning their vision and goals, the Local Roadway Safety plan and the Sustainable Transportation Plan Safety Section work together to create a comprehensive and cohesive approach to roadway safety.

Goal #1: Identify areas with a high risk for crashes.

Objectives:

- Identify intersections and segments that would most benefit from mitigation.
- Identify areas of interest with respect to safety concerns for vulnerable users (pedestrians and bicyclists).

Goal #2: Illustrate the value of a comprehensive safety program and the systemic process.

Objectives:

- Demonstrate the systemic process' ability to identify locations with higher risk for crashes based on present characteristics closely associated with severe crashes.
- Demonstrate, through the systemic process, the gaps and data collection activities that can be improved upon.

Goal #3: Plan future safety improvements for near-, mid- and long-term.

Objectives:

- Identify safety countermeasures for specific locations (conceptual plans).
- Identify safety countermeasures that can be applied city-wide.

Goal #4: Define safety projects for future Highway Safety Improvement Plan (HSIP) and other program funding consideration.

Objectives:

- Create the outline for a prioritization process that can be used in this and forth-coming cycles to apply for funding.
- Use the systemic process to create Project Case Studies.
- Use conceptual plans and the countermeasure toolbox to apply for Highway Safety Improvement Plan (HSIP) and other funding consideration.
- Demonstrate the correlation between the proposed safety countermeasures with the Vision Zero goals of the City of Palmdale, Caltrans, SCAG, and the California State Highway Safety Plan.

3. Process

The LRSP and the Sustainable Transportation Plan share a similar process and methodology in identifying safety issues, involving stakeholders, and utilizing data to inform decision-making. In the development of the LRSP, the analysis includes a combination of quantitative and qualitative measures to identify locations with high crash frequency or crash rates. This analysis also considers crash type and severity patterns to determine the causes of crashes and potential effective countermeasures. Both the LRSP and STP analyzed intersections and roadways utilizing four collision metrics for analysis:

- Number of Collisions- involves counting the total number of reported crashes that occurred at a specific intersection or roadway. It provides an overview of the frequency of collisions in that area.
- Critical Crash Rate (HSM Ch. 4)- quantifies the rate at which severe or fatal crashes occur within a given area or a specific roadway segment. A higher critical crash rate indicates a higher risk of severe accidents.
- Probability of Specific Crash Types Exceeding Threshold Proportion (HSM Ch. 4)- assesses the likelihood of specific types of crashes exceeding a predetermined threshold proportion. It helps identify crash types that occur more frequently than expected and require targeted interventions.
- Equivalent Property Damage Only (HSM Ch. 4)-estimates the total cost of crashes in terms of property damage. It allows for a comparison of crash severity and economic impacts across different intersections or roadways.

The LRSP establishes a systematic framework for identifying and analyzing safety concerns and proposing safety improvements. The LRSP utilizes updated data and incorporates additional analysis compared to the STP. This includes examining pedestrian and bicyclist collisions within a 250-foot radius near schools, conducting network screening using the Equivalent Property Damage Only Method, and analyzing traffic calming measures for areas with aggressive driving/traffic concerns.

In terms of countermeasure selection, both plans utilize evidence-based approaches. The LRSP incorporates Crash modification Factors (CMFs), which quantify the expected rate of crash reduction from specific countermeasures. By analyzing these collision metrics, the LRSP and STP can effectively assess the safety performance of the City's roadway network and identify areas where targeted interventions may be necessary to improve safety and reduce the occurrence of severe crashes. More information about the analysis techniques and guidance of the LRSP can be found in the Safety Section in Palmdale's Sustainable Transportation Plan in Section 3.

4. Safety Partners

To ensure that the local perspective was prioritized in the planning efforts local stakeholder were actively involved in the development of this report. Additionally, members of the public were engaged through Social Pinpoint, a website where the public had the opportunity to highlight specific issues areas within the city relating to local roadway safety. The city has subscribed access to Social Pinpoint, allowing for ongoing two-way communication with the public. The input and insights provided by the local stakeholders were invaluable in identifying safety issues within the city's roadway network. Following the initial network screening and safety analysis, the stakeholder group convened to discuss potential countermeasures and emphasis areas. This included a field visit, where the stakeholders had the opportunity to observe and assess safety on selected parts of the transportation network firsthand. The summaries of the discussions and observations from the field visit are outlined below.

4.1 Field Visit Meeting

The field visit was conducted on December 7, 2023. At the meeting, stakeholders, including City officials were asked to provide local knowledge at the eight (8) locations that were identified after initial network screening and crash analysis process. This process was important to understand the factors that were contributing to the collision history. The working group then performed a field visit and walking tour of various locations through the city. The discussion during the field visit helped to inform the project development. Potential countermeasures were recommended, and emphasis areas were discussed, specifically vulnerable user improvements, unsignalized intersection improvements, and aggressive driving improvements.

4.2 Public Engagement

Two (2) public workshop/meetings were held to help the project team understand public areas of concerns, create public awareness of the plan, and to keep members of the public informed with the direction of the plan and the City's response to roadway safety issues from input received from the public.

Both public meetings were held on March 7, 2024, at the Legacy Commons Senior Center. One meeting was held in the afternoon and the second meeting was held in the evening. The goal of these workshops was to introduce the project, present the crash analysis and other data, document and discuss resident concerns, and brainstorm potential traffic calming improvements. Feedback received were documented and utilized by the LRSP team to further refine the projects that were developed for this plan.

The draft LRSP was posted to the City's website in August 2024 for public viewing and comment.

5. Existing Efforts

At the beginning of the LRSP process, information was gathered on exiting plans, policies, and ongoing or recently completed projects related to transportation improvements in the City. A similar process was conducted for the Safety Plan in the STP. This compilation provided valuable insights into the efforts already underway in transportation-related improvements. Key points were identified related to transportation improvements and safety topics to inform decision-making in the LRSP. Reference Section 3 in the STP for additional information and a more detailed breakdown.

6. Data Summary

In alignment with the STP, this section provides an overview of the data sources utilized during the data analysis process. The same dataset was utilized to conduct further analysis. For a more comprehensive breakdown of the data, refer to Section 3 in the STP.

6.1 Roadway Network

The Caltrans California Road System (CRS) GIS database was used to build the base roadway network used for this analysis. Intersections and roadway segments were divided into control and classification categories so that each set could have its own crash rates and be compared with similar facilities or control type. Functional Classifications were imported from the City's General Plan and confirmed by City Staff. Information on intersection traffic control was provided by the City and included in the analysis network. The collision analysis requires each intersection to be classified by type: Signalized or Unsignalized.

6.2 Count Data

Vehicular count data is used as part of the analysis process to evaluate the impact of traffic and understand the natural hierarchy of the roadway network. Count data utilized for this project was pulled from various studies and elements. For locations without volume or count data, other resources were utilized to identify a reasonable assumption for individual corridors and classification types. The traffic volume information allowed the team to assess locations for risk as well as reviewing locations with the highest number of collisions.

6.3 Collision Data

Collision data was collected from Crossroads software for the period from January 1, 2017 through December 31, 2021. Analysis of the raw collision data is the first step in understanding the specific and systemic challenges faced throughout the City. Analyzing the five years of data provided additional insight into collision trends and patterns above and beyond what was already reported in the STP.

7. Analysis Methodology

The Local Roadway Safety Plan was developed using a systematic and data-driven approach. The first step involved collecting data from Crossroads/SWITRS for the period of January 2017 to December 2021. This data was then analyzed to identify patterns and trends, with a focus on factors such as crash frequency, severity, and contributing factors. Statistical techniques and Geographic Information System (GIS) were utilized to pinpoint specific areas or road segments that had a high concentration of crashes.

Contributing Factors

In order to effectively allocate resources, a prioritization process was developed after identifying areas of concentration. Various factors were taken into consideration, including the severity of crashes, intersection control type crashes, vulnerable users crashes, primary crash factor, traffic volume, and community concerns. This comprehensive prioritization approach ensured that the most critical areas received the necessary countermeasures for safety implementation:

The crash data helped identify the emphasis areas within the transportation network of the City of Palmdale:

1. Aggressive driving collisions (crashes due to speeding, following too closely, or running lights or stop signs)
2. Pedestrian/Bicyclist-involved collisions
3. Unsignalized Intersection collisions

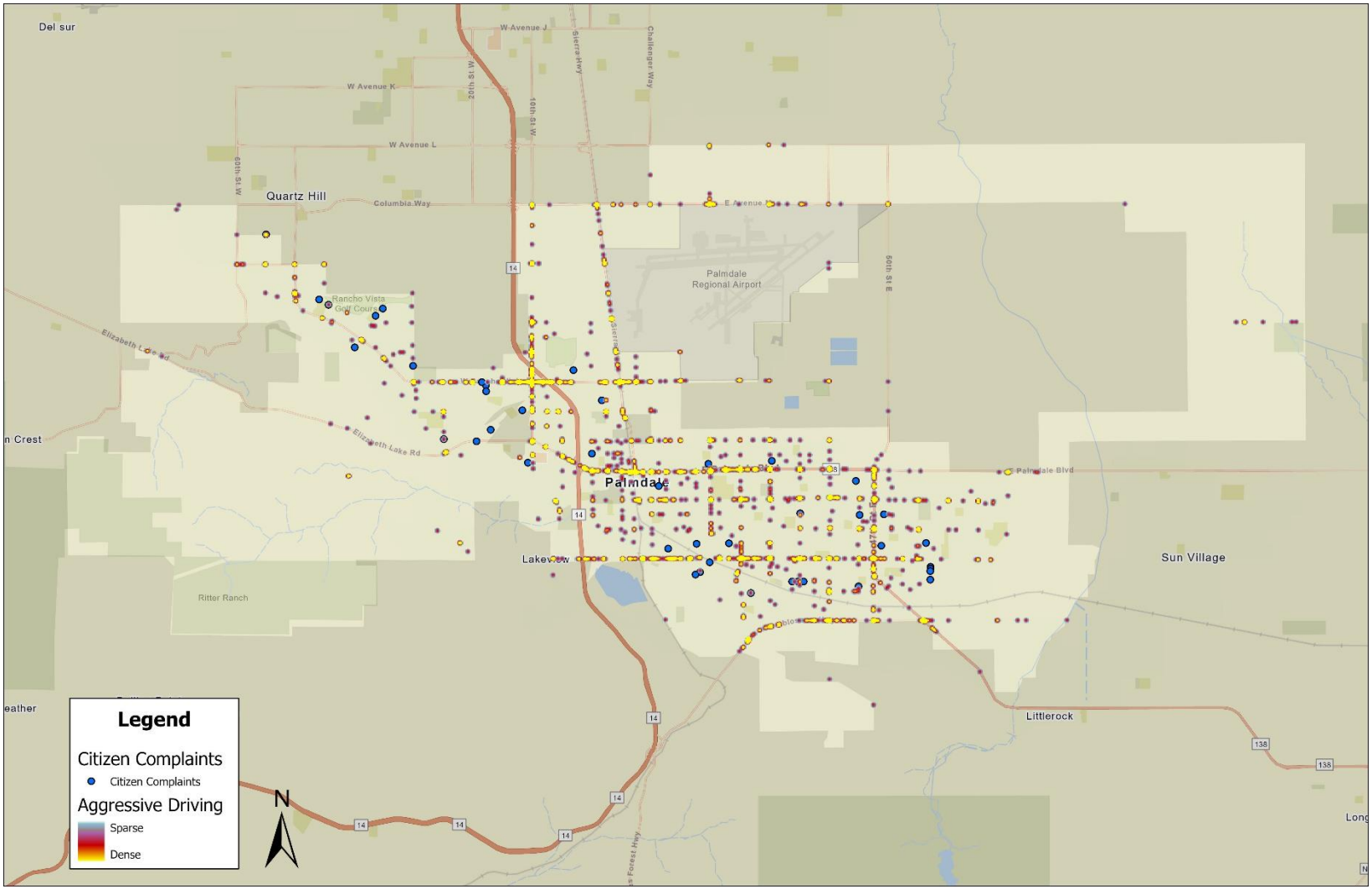
The Local Roadway Safety Plan utilized the Sustainable Transportation Plan as a foundation to identify and prioritize intersections and segments with a higher frequency of crashes. While similar data from the STP was used, the Local Roadway Plan incorporated additional analysis to enhance the results. This allowed for the development of conceptual plans.

Aggressive Driving and Traffic Concerns

The analysis of aggressive driving and traffic concerns can help with the implementation of traffic calming measures by providing valuable insight into the specific problem areas and behaviors that contribute to unsafe and congested road conditions. By conducting an analysis of aggressive driving, such as speeding, following too closely, or running lights or stop signs, the locations where these behaviors are most prevalent can be identified. This information can be used to strategically implement traffic calming measures, such as roadway configuration or mini-roundabouts, in order to deter and reduce aggressive driving. Additionally, analyzing traffic concerns, such as congestion and bottle necks, can help identify areas where measures, such as signal optimization or lane configurations, can be implemented to improve traffic flow and reduce congestion. Analysis was conducted on aggressive driving in relation to traffic concerns. Traffic concerns from the public were overlayed on aggressive driving collisions to identify locations for traffic calming measures shown in **Figure 1**. Top locations for traffic calming implementation include:

- Avenue R-4: 11th Street East to Prentiss Avenue
- Division Street: Avenue R-2 to 6th Street E
- Avenue R-8: 35th Street E to 67th Street E
- Fairfield Ave: 30th Street E to 37th Street E
- 57th Street E: Avenue S to Cisero Drive
- Avenue T: Fort Tejon Road to City Boundary

Figure 1: Aggressive Collisions Heat Map and Traffic Concern



Vulnerable Users Collisions

To enhance safety in the vicinity of schools, it is important to analyze pedestrian and bicycle collisions within a half-mile radius. This analysis helps identify the areas where collisions occur most frequently and the common contributing factors. By understanding these patterns, targeted countermeasures can be implemented to improve safety near schools. Examples of such countermeasures include installing additional crosswalks, improving signage and markings, or implementing bike lanes.

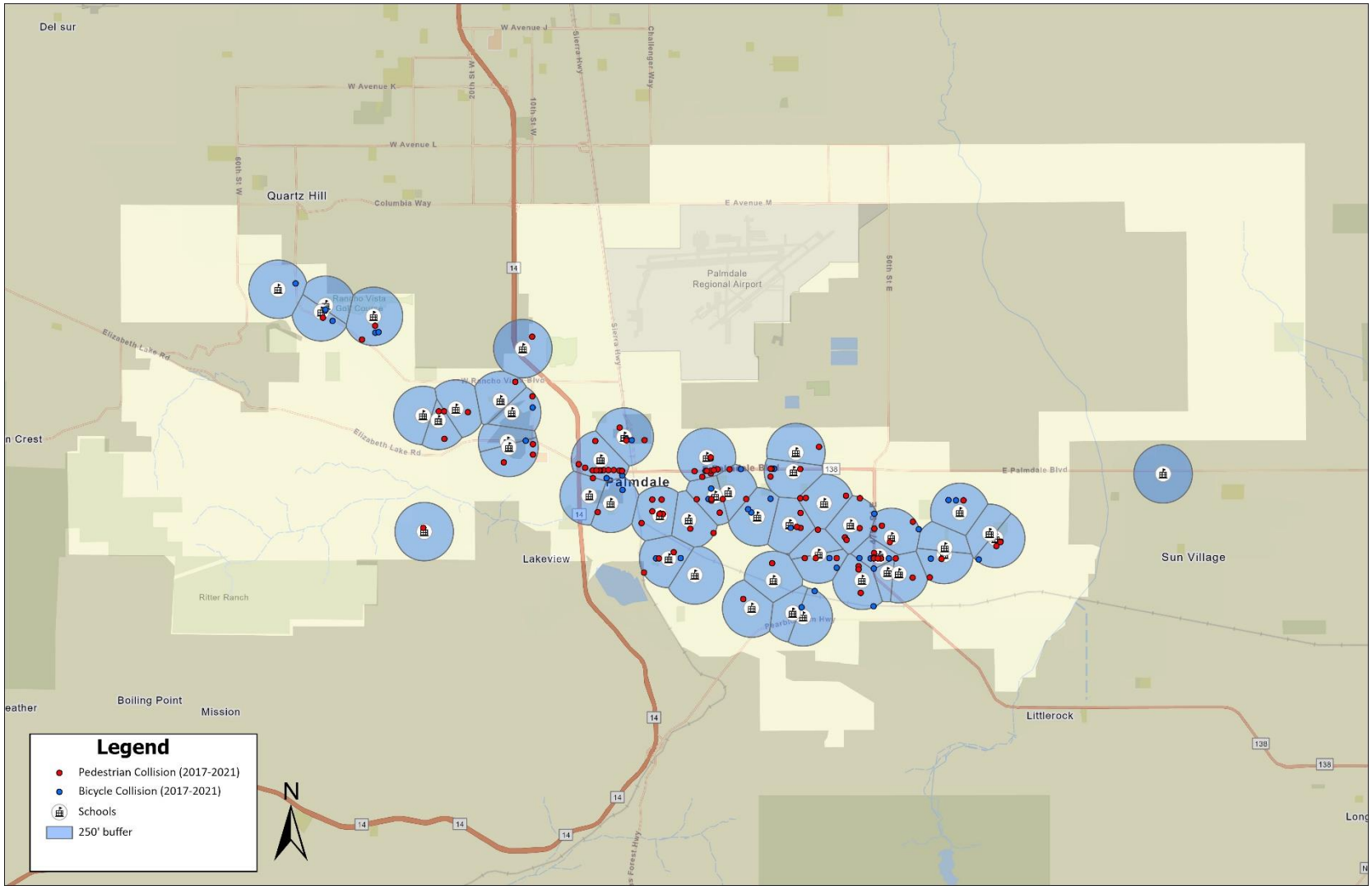
In the City of Palmdale, a comprehensive analysis was conducted to examine pedestrian and bicyclist collisions within a half-mile buffer around schools. **Figure 2** visually represents the areas where these collisions occurred, while **Table 1** highlights the top 10 schools with a high frequency of pedestrian and bicycle crashes.

By conducting this analysis and prioritizing the identified areas, the aim is to implement safety measures that specifically address the needs of these locations. This approach ensures that resources are allocated efficiently and effectively, resulting in a safer environment for pedestrians and bicyclists near schools.

Table 1 - 10 schools with highest number of nearby pedestrian and bicycle collisions

Number	School Name	Pedestrian & Bicycle Crashes	Bicycle Crashes	Pedestrian Crashes
1	Palmdale High	31	12	19
2	Yucca Elementary	31	8	23
3	Space Aeronautics Gateway to Exploration Magnet Academy	30	10	20
4	Antelope Valley Learning Academy	27	8	19
5	Chaparral Prep Academy	27	8	19
6	Cimarron Elementary	24	9	15
7	Yellen Learning Center	21	6	15
8	Tamarisk Elementary	21	8	13
9	Palmdale Learning Plaza	17	4	13
10	Palmdale Aerospace Academy	14	2	12

Figure 2: Vulnerable User Collisions Near Schools



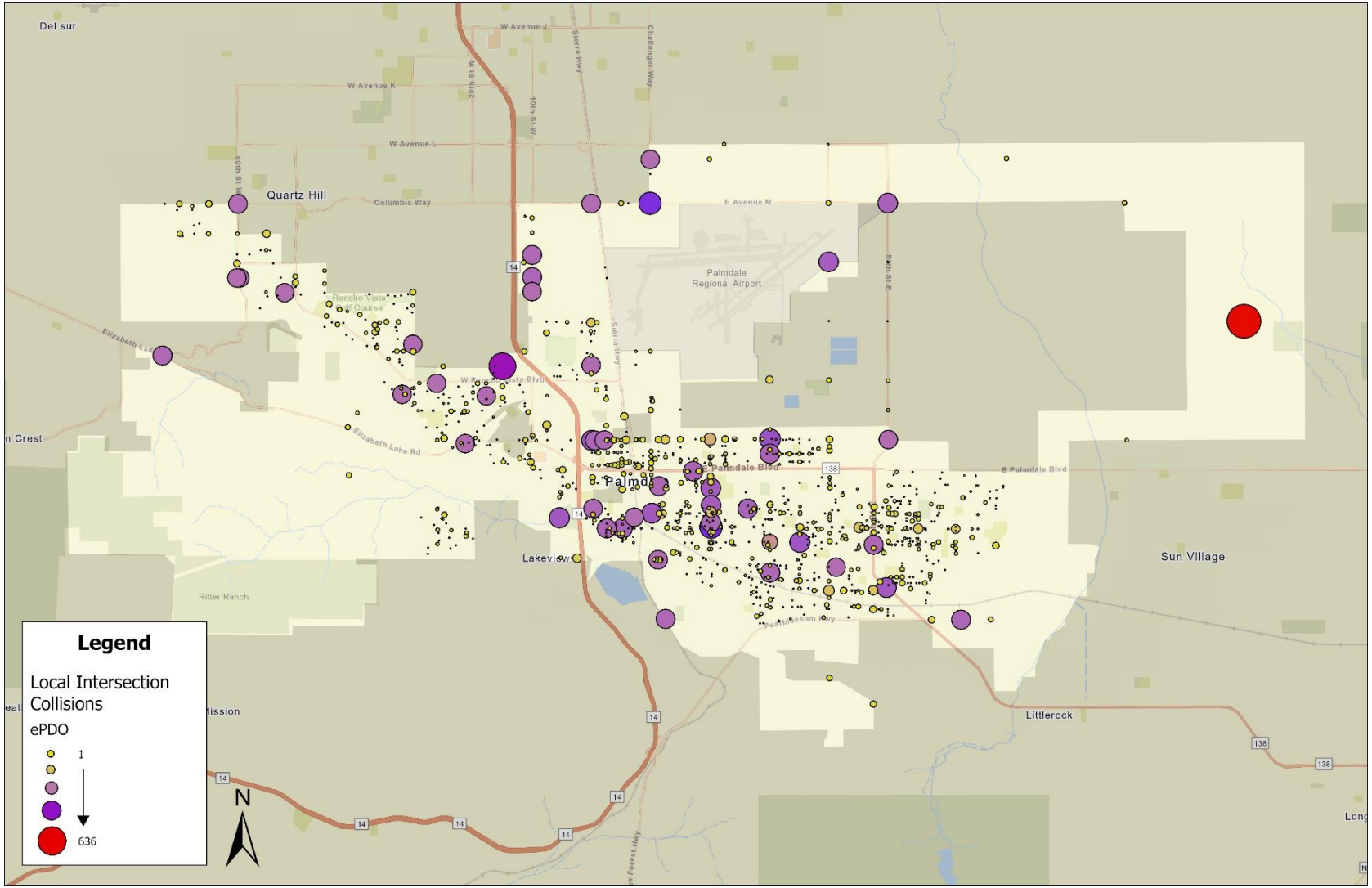
Unsignalized Intersection improvements

An analysis was conducted to identify the top 10 stopped controlled intersections with the highest estimated property damage only (ePDO). ePDO is a weighting factor which calculates the equivalent cost of a crash in terms of property damage only which allows for prioritization of improvement efforts considering each intersections' collision severity and frequency. This helps compare locations to each other based on economic cost for all crashes. The intersections with the highest ePDO are locations that can be selected for further investigation. Countermeasures can be applied at these intersections to reduce collisions and enhance safety.

Table 2- 10 Unsignalized Intersections ranked by Estimated Property Damage Only (ePDO)

Intersection	Intersection Type	ePDO
110th E and Avenue O	2 way stop	636.01
25th St E and Avenue R-14	2 way stop	405.4
15th St W and Avenue O-12 (Antelope Valley Mall entrance)	2 way stop	396.8
E Challenger Way & E Columbia Way	2 way stop	276.7
30th St E and Avenue Q	4 way stop	233.8
50th and Columbia	3 way stop	210
11th St E and Avenue Q-12	4 way stop	200.9
25th St E and Avenue Q	4 way stop	197.8
60th St W and Columbia	4 way stop	192.8
20th St E and Avenue Q	4 way stop	84.7

Figure 3-Unsigalized Intersection Collisions



The analysis of collisions at all-way, two-way, three-way stop locations, as well as the calculation of ePDO and the analysis of bicycle and pedestrian collisions within a ½ mile buffer from a school, have provided crucial insights for enhancing safety in the area. By identifying aggressive driving collisions and overlaying them with public traffic concerns, this analysis has played a significant role in addressing specific safety needs and traffic calming improvements. These plans will ultimately contribute to the creation of safer and more efficient transportation systems, ensuring the well-being of pedestrians, cyclists, and drivers alike. Overall, this analysis has been instrumental in identifying key areas for improvement and promoting the importance of safety in the City of Palmdale transportation network.

7.6 Conceptual Plan Locations

Appendix B summarize conditions at locations, and potential beneficial countermeasures. Countermeasures were subjected to a benefit/cost assessment and selected according to their potential return on investment. These conceptual plans can be used to select the most appropriate countermeasures, and to potentially phase improvements. The potential benefits of these countermeasures at locations with similar design characteristics can then be extrapolated regardless of crash history, allowing for proactive safety enhancements that can prevent future safety challenges from developing. These conceptual plans can also be used to position the City for future grant funding opportunities.

For each location, conceptual plans were developed to provide a balanced understanding of common safety areas (aggressive driving, vulnerable users, stopped-controlled intersection collisions) at a variety of location types that can be used to associate countermeasures with specific roadway configurations and conditions.

8. Best Practices Evaluation and Emphasis Areas

8.1 Emphasis Areas

Emphasis areas represent crash factors that are common in the City and provide the opportunity to reduce the largest number of traffic injuries with strategic investment. Emphasis areas were developed by revisiting the vision and goals of this planning process and comparing them with the trends and patterns identified in the crash analysis. Analysis conducted from the Sustainable Transportation Plan was also incorporated in the LRSP's emphasis areas.

8.1.1 Emphasis Area #1: Stop Controlled Intersection Improvements

Stopped Controlled intersection were analyzed for stopped control intersection collisions (1-way stop to 4-way stops) For the purposes of this analysis, those that occurred within 250 feet of a stopped controlled intersection. Intersection collisions accounted for about 25.6% of all fatal and severe injury collisions and 39% of all collisions. 25 of the 92 fatal injury collisions occurred at stopped controlled intersections, and 36 of the 146 severe injury collisions occurred at stopped controlled intersections.

Goals for Emphasis Area #1:

- Reduce the number of collisions at stopped controlled intersections;
- Identify hot spots for stopped controlled intersection collisions; and,
- Apply for funding and implement countermeasures at City stopped controlled intersections.

Strategies for Emphasis Area #1:

- Address stopped controlled intersection collisions by implementing proven countermeasures;
- Identify priority corridors for stopped controlled intersections collisions and implement countermeasures on these corridors;
- Implement visibility and sight distance improvement at stopped controlled intersections.
- Consider converting four-way stops to roundabouts if warranted by an intersection control evaluation; and,
- Install enhanced signing and pavement markings at stopped controlled intersections.

These strategies will be implemented by the City, while partnering with Caltrans, Southern California Association of Governments (SCAG), Los Angeles County Sheriff's Department, and other community partners. Funding sources for these strategies may include HSIP, Active Transportation Program (ATP), OTS, SB 1, and SS4A grant programs.

8.1.2 Emphasis Area #2: Vulnerable Users Improvements

Vulnerable users' safety near schools was a major concern of residents and a significant cause of severe injury and fatality crashes in Palmdale. 114 crashes (61.6%) were reported as pedestrian crashes .5 miles from schools. 49 crashes (66.2%) were reported as bicyclist crashes

.5 miles from schools. Vulnerable users' crashes accounted for 23.2% of severe injuries and 30.4% in a fatality.

Goals for Emphasis Area #2:

- Reduce the number and severity of pedestrian and bicyclist crashes;
- Identify hot spots and priority corridors for countermeasures to reduce vulnerable user crashes; and,
- Increase vulnerable user safety on Palmdale Streets
- Apply for funding to implement countermeasures to reduce impaired vulnerable crashes.

Strategies for Emphasis Area #2:

- Provide outreach, education, and enforcement programs to encourage safer driver behaviors near pedestrians and bicyclist around school zones.
- Implement sidewalk improvements near schools
- Implement crosswalk enhancements near schools
- Develop educational programs targeting vulnerable users (bicyclists and pedestrians);
- Additional enforcement presence;
- Create effective media campaigns in both visual and print media;

These strategies will be implemented by the City, law enforcement, and community organizations. Funding sources for these strategies may include OTS, NHTSA, SB1 grant programs, HSIP, Active Transportation Program (ATP), and SS4A grant programs.

8.1.3 Emphasis Area #3: Aggressive Driving

Aggressive driving includes several behaviors including speeding, tailgating, and ignoring traffic signals and signs. 31.7% of those crashes resulted in aggressive driving. (28% of severe injuries and 22.8 % of fatal crashes were caused by aggressive driving).

Goals for Emphasis Area #3:

- Reduce the number and severity of collisions attributed to aggressive driving
- Identify hot spots and priority corridors for aggressive driving;
- Apply for funding and implement countermeasures to address aggressive driving

Strategies for Emphasis Area #3:

- Implement driver's education courses, implementing technology that effectively target crash producing speeders and deter speeding
- Increase enforcement to address aggressive driving behaviors that will mainly focus on education, encouragement, and enforcement; and,
- Increase enforcement near hotspots of aggressive driving collisions
- Apply for funding and implement countermeasures to address aggressive driving;
- Apply road design and engineering measures to obtain appropriate speeds

These strategies will be implemented by the City, law enforcement, and local community organizations. Funding sources for these strategies may include NHTSA, OTS, and SB1 grant programs.

9. Countermeasure Toolbox

This section provides information on general identified issues, crash reduction factors, improvements, and countermeasures identified for the City of Palmdale, as well as for specific project locations identified as part of this analysis. Countermeasures for each of the Safety Project Conceptual Plans are based on data analysis, stakeholder input, and site visits.

9.1 Infrastructure Improvements

9.1.1 Countermeasure Selection Process

Part D of the HSM provides information on Crash Modification Factors(CMFs) for roadway segments, intersections, interchanges, special facilities, and road networks. CMFs are used to estimate the safety effects of highway improvements, specifically to compare and select highway safety improvements. A CMF less than 1.0 indicates that a treatment has the potential to reduce crashes. A CMF greater than 1.0 indicates that a treatment has the potential to increase crashes. A Crash Reduction Factor (CRF) is directly connected to the CMF and is "mathematically defined as (1 – CMF) (the higher the CRF, the greater the expected reduction in crashes) [1]." CMFs can help decision makers weigh potential alternative projects but are only one measure of a project's value and should be considered part of a larger decision-making process. Furthermore, it is important to note that not all CMFs are as reliable as others. The FHWA maintains a federal depository of CMFs and includes a star rating system to help users determine which CMFs are bolstered by the best and most thorough research. Key factors to consider when applying CMFs include:

1. Selection of an appropriate CMF;
2. Estimation of crashes without treatment;
3. Application of CMFs by type and severity; and,
4. Estimation of the combined effect for multiple treatments.

Examples of Safety Countermeasures can be found through several sources. This Report utilizes the countermeasures found in the California LRSM and the CMF Clearinghouse (CMF CH) website. The Caltrans Proven Safety Countermeasures guidance also informed the selection of these countermeasures. Countermeasures for each of the Safety Project Case Studies are based on the data analysis and site visits. Additional countermeasures were identified for the high-level issues on a city-wide level and are discussed in Section 9.

[1] Local Roadway Safety Manual (Version 1.5) 2020. Page 27.

9.1.2 Safety Project Locations

From the city-wide analysis, seven project locations were selected for further evaluation and field visit locations. These locations were identified through the analysis process based on their crash histories, stakeholder engagement, observed crash patterns, and differing characteristics to provide the most insight into potential systemic safety countermeasures that the City can employ to achieve the most cost-effective safety benefits.

Field Visits were conducted for each of the following locations:

1. Sierra Highway: Columbia Way (Avenue M) to Rancho Vista Boulevard
2. 25th St E: Pearblossom Highway to Avenue R
3. Avenue S – Sierra Highway to 40th Street E
4. Avenue R: 25th Street E to 40th Street E
5. Rancho Vista Boulevard: Avenue O-8 to Sierra Highway
6. Columbia Way (Avenue M): Sierra Hwy to 50th Street E
7. 50th Street E: Palmdale Boulevard to Avenue Q

9.2 Citywide Countermeasure Toolbox

This evaluation considered citywide trends to identify countermeasures that would likely provide the most benefit with widespread implementation. **Table 3** outlines the citywide safety project opportunities, which is also referred to as the "Countermeasure Toolbox". Within the toolbox, the description of the countermeasure along with its Local Roadway Safety Manual (LRSM) ID number is listed. The next column, Crash Reduction Factor (CRF), are "multiplicative factors used to estimate the expected reduction in number of crashes after implementing a given countermeasure at a specific site (the higher the CRF, the greater the expected reduction in crashes)." For each of these countermeasures, a planning level benefit/cost analysis was completed.

Applying the benefit/cost at the citywide level was estimated assuming some randomness in crash distribution. The location characteristics, such as whether there is a traffic signal, and the type of crashes, were used at the citywide level to calculate an average cost of crashes that the countermeasure might reduce. The benefit per location was then factored out to a 20-year lifecycle savings, with an Opinion of Project Probable Cost (OPCC) for the initial installation costs and a per-year maintenance cost estimate. The cost shown in Table 3 should be considered initial planning costs using 2022 dollars and not assumed final.

In order to prioritize the projects in the countermeasure toolbox, the following section highlights countermeasures that are appropriate for the networks shown in Section 7. Near-term projects can be implemented within the next two years, mid-term projects within the next five years, and long term projects within the next ten years.

9.3 Data Analysis and Project Prioritization

9.3.1 Aggressive Driving Collisions

Figure 1 (on page 15) shows the network for aggressive driving collisions and traffic concerns. This network includes segments of Avenue S, Avenue R-12, Fairfield Ave,35th St; Avenue Q and 30th St W . The following countermeasures from the toolbox can be implemented in these locations to address aggressive driving collisions:

- Install raised median (R01)
- Implement Road Diet (R14)
- Install centerline rumble strips/striping – where appropriate (R30)
- Install edgeline rumble strips/striping – where appropriate (R31)
- Improve signal timing (S03)
- Mini-roundabouts (NS05mr)
- Install curb extension/bulb-outs
- Mark pavement with supplementary warning messages

9.3.4 Bicycle and Pedestrian Collisions

Figure 2 (on page 17) illustrates the network for bicyclist and pedestrian collisions, encompassing segments of Palmdale Boulevard, Avenue S, Rancho Vista Boulevard, 10 St

West, Avenue R, and Avenue R-8, which have the highest number of bicycle and pedestrian collisions. Approximately 38% of the collisions that occurred near schools involved individuals aged 30 years or younger. About 50% of the collisions occurred during the designated school morning drop off and pick up time. The following countermeasures from the toolbox can be implemented in these locations to address pedestrian collisions:

- Install pedestrian crossing at uncontrolled locations (NS20PB)
- Install Rectangular Rapid Flashing Beacon (RRFB) (NS22PB/R37PB)
- Install upgraded pedestrian crossing (R35PB/S18PB)
- Install sidewalk/pathway (R34PB)
- Implement Leading Pedestrian Interval (LPI) timing (S21PB)
- Install curb extension/bulb out
- Install edgeline striping (R31)

9.3.5 Unsignalized Collisions

Figure 3 (on page 19) depicts the unsignalized intersections collisions in the local area. This network includes segments of Avenue R-8, Avenue R-12, Avenue Q, and Avenue M, which have the highest number of collisions at unsignalized intersections. To address these collisions, the following countermeasures from the toolbox can be implemented at these location to improve safety and reduce unsignalized intersection collisions.

- Install pedestrian crossing at uncontrolled locations (NS20PB)
- Upgrade intersection pavement markings (NS07)
- Add intersection lighting (NS01)
- Install transverse rumble strips on approaches (NS10)
- Install pedestrian crossing at uncontrolled locations (new signs and markings only) (NS20PB)
- Install/upgrade pedestrian crossing at uncontrolled locations (with safety enhanced safety features) (NS21PB)
- Install Pedestrian signal (including Pedestrian Hybrid Beacon (HAWK) (NS23PB)
- Shoulder improvements (R15)
- Install edgelines and centerlines (r28)

Table 3: Citywide Safety Countermeasure Toolbox

ID	Potential Countermeasures	Where to apply?	CRF	Per Unit Cost (20-year estimate)*	Unit
NS04	Convert intersection to roundabout (from all way stop)	Where warranted by an intersection control evaluation	Varies	Varies	Varies
NS07	Upgrade intersection pavement markings (to make more visible)	Intersections where outdated or degraded striping and pavement markings exist	25%	$38,400	per intersection
NS20PB	Install pedestrian crossing at uncontrolled locations (new signs and markings only)	Where speed limits are less than 35 mph	25%	$22,000	per intersection
R27	Install delineators, reflectors and/or object markers	Locations with a high number of fixed object collisions and collisions on curved segments	50%	Varies	Varies
R30	Install centerline rumble strips/stripes	Where travel speeds are greater than 45 mph and either curvature or traffic volumes warrant	20%	$50,000	per mile
R31	Install edgeline rumble strips/stripes	Where travel speeds are greater than 45 mph and either curvature or traffic volumes warrant	15%	$50,000	per mile
R33PB	Install Separated Bike Lanes	Locations where existing lane widths allow	45%	$50,000	per mile
R35PB	Install/Upgrade pedestrian crossing (with enhanced safety features)	Locations with no controlled crossing for significant distances	35%	$30,000	per crossing
R34PB	Install sidewalk/pathway (to avoid walking along roadway)	Along roadways where sidewalks currently do not exist	80%	$300	per LF for 4’ sidewalk
S18PB	Install pedestrian crossing (S.I.)	Where warranted	25%	$32,000	per intersection
-**	Reduce turning radius	Intersections with high pedestrian activity.	5%	Varies	Varies

*Cost estimates were calculated in 2021 dollars using Caltrans costing formulas and other recent project bids. Recent and ongoing inflation could have significant cost impacts.**There were not approved countermeasures for these improvements in the Local Roadway Safety Manual, so a conservative Crash Reduction Factor (CRF) was assumed.

10. Funding Sources & Next Steps

10.1 Funding

Competitive funding resources are available to assist in the development and implementation of safety projects in Palmdale. Similar to the Safety Plan in the STP the City should continue to seek available funding and grant opportunities from local, state, and federal resources to accelerate their ability to implement safety improvements throughout Palmdale. This section provides a high-level introduction to some of the main funding programs and grants for which the City can apply.

10.1.1 Highway Safety Improvement Program

The Highway Safety Improvement Program (HSIP) is a Federal program that apportions funding as a lump sum for each state, which is then divided among apportioned programs. These flexible funds can be used for projects to preserve or improve safety conditions and performance on any Federal-aid highway, bridge projects on any public road, facilities for non-motorized transportation, and other project types. Safety improvement projects eligible for this funding include:

- New or upgraded traffic signals
- Upgraded guard rails
- Pedestrian warning flashing beacons
- Marked high visibility crosswalks
- Other projects listed in the Caltrans Local Road Safety Manual

California's local HSIP focuses on infrastructure projects with national recognized crash reduction factors. Normally HSIP call-for-projects is made at an interval of one to two years. The applicant must be a city, a county, or a tribal government federally recognized within the State of California.

Additional information regarding this program at the Federal level can be found online at: https://safety.fhwa.dot.gov/hsip/. California specific HSIP information – including dates for upcoming call for projects - can be found at: Local Highway Safety Improvement Program (HSIP) | Caltrans. The locations and countermeasures discussed in this analysis can be used to develop a grant application to the next round of Highway Safety Improvement Program funding. The next round of funding is expected in fall 2024.

10.1.2 Caltrans Active Transportation Program

Caltrans Active Transportation Program (ATP) is a statewide funding program, created in 2013, consolidating several federal and state programs. The ATP funds projects that encourage increased mode share for walking and bicycling, improve mobility and safety for non-motorized users, enhance public health, and decrease greenhouse gas emissions. Projects eligible for this funding include:

- Bicycle and pedestrian infrastructure projects
- Bicycle and pedestrian planning projects (e.g., safe routes to school)
- Non-infrastructure programs (education and enforcement)

This program funding is provided annually. The ATP call for projects typically comes out in the spring. Information on this program and cycles can be found online at: Active Transportation Program (ATP) | Caltrans.

10.1.3 California SB 1

The California SB (Senate Bill) 1 is a landmark transportation investment to rebuild California by fixing neighborhood streets, freeways, and bridges in communities across California and targeting funds toward transit and congested trade and commute corridor improvements.

California's state-maintained transportation infrastructure will receive roughly half of SB 1 revenue: $26 billion. The other half will go to local roads, transit agencies and an expansion of the state's growing network of pedestrian and cycle routes. Each year, this new funding will be used to tackle deferred maintenance needs both on the state highway system and the local road system, including:

- Local Street and Road Maintenance and Rehabilitation: $1.5 billion
    - This funding is dedicated to improving local road maintenance, rehabilitation, and/or safety through projects such as restriping and repaving.
- Bike and Pedestrian Projects: $100 million
    - This will go to cities, counties, and regional transportation agencies to build or convert more bike paths, crosswalks, and sidewalks. It is a significant increase in funding for these projects through the ATP.
- Local Planning Grants: $25 million

10.1.4 California Office of Traffic Safety Grants

This program has funding for projects related to traffic safety, including transportation safety education and encouragement activities. Grant applications must be supported by local collision data (such as the data analyzed in this report) and must relate to the following priority program areas:

- Alcohol Impaired Driving
- Distracted Driving
- Drug-Impaired Emergency Medical Services
- Motorcycle Safety
- Occupant Protection
- Pedestrian and Bicycle Safety
- Police Traffic Services
- Public Relations, Advertising, and Marketing Program
- Roadway Safety and Traffic Records

10.1.5 SCAG Sustainable Communities Program

This program is an innovative vehicle for promoting local jurisdictional efforts to test local planning tools. The Sustainable Communities Program (SCP) provides direct technical assistance to SCAG member jurisdictions to complete planning and policy efforts to implement the regional Sustainable Communities Strategies (SCS). Grants are available in the following three categories:

- Integrated Land Use
    - Sustainable Land Use Planning
    - Transit Oriented Development (TOD)
    - Land Use & Transportation Integration
- Active Transportation
    - Bicycle Planning
    - Pedestrian Planning
    - Safe Routes to School Plans
- Green Region
    - Natural Resource Plans
    - Climate Action Plans (CAPs)
    - Green House Gas (GHG) Reduction programs

10.1.6 Safe Streets and Roads for All (SS4A) Grant Program

This program has allocated $1 billion annually for the next four years for local cities, counties, MPOs, and other roadway owners (excepting state DOTs) for safety improvement grants for Safety Planning, education, enforcement, and roadway improvements. This program is not benefit / cost based. Evaluation criteria are oriented to the project's alignment with the Safe Systems approach. There is a 20% local match requirement (can be in-kind contribution via staff billable hours). Planning grants are open to any eligible agency and Implementation grants are open to agencies with a completed safety plan such as Local Roadway Safety Plan. Planning grants are expected to range from $100 thousand to $1 million and Implementation grants are expected to range from $1 million to $20 million. Grant applications are expected to be due in July 2024.

10.1.6 Infrastructure Investment and Jobs Act

In November 2021, the President signed into law the $1.2 trillion Infrastructure Investment and Jobs Act. In addition to the SS4A grant program described above, this law provides billions of dollars in additional funding for improvements and investment in the transportation sector nationwide. The law provides $30 billion in funding over five years for competitive RAISE grants for transportation projects, as well as additional funding for repair and environmental mitigation projects. As these grant programs continue to be developed, City can position itself by identifying potential projects and programs to pursue.

10.2 Implementation Plan

Once the Local Roadway Safety Plan has been completed, the city can plan to regularly review and monitor crash data for trends and changes. The County can also plan to prioritize and implement certain improvements that were identified in this plan.

10.2.1 Monitoring

The City can plan to regularly monitor the success of the LRSP and its related implementations by performing the following steps. This before and after analysis can be performed throughout the year. The City can also meet with the Sheriffs Department on a regular basis to discuss roadway safety issues and compare to the latest crash analysis.

- Pull yearly crash data from Crossroads database to determine year-over year trend
- Utilize Crossroads or GIS software to review the number of collisions occurring at specific locations. Locations where improvements have been made should receive priority for monitoring; and,
- Based upon changes in collision activity, determine efficacy of improvements and adjust strategies going forward.

10.2.2 Analysis Update

The city can plan to update the analysis every two years as part of a monitoring program. Every 5 years the city will perform a major update to the analysis and the Local Roadway Safety Plan by performing the following steps. This update will maintain eligibility for the HSP grant funding for the city. The analysis should continue to focus on both systemic and location specific safety needs.

1. Obtain updated Statewide Integrated Traffic Records System (SWITRS) collision data from the City's collision database;
2. Use Excel software to update the collision trend analysis completed in Section 7, continue to compare new collision to historic trends;
3. Update the roadway shapefile with any new or upgraded roadways;
4. Update the intersection shapefile with any new or upgraded intersections;
5. Re-run the GIS-based safety collision tool to determine the number of collisions at intersections and roadways within the updated study period. The City can plan to run the collision tool for all collisions, as well as the collision types identified in Section 6
6. Update the collision analysis performed in this report, including the collision analysis tables shown in Section 7 Collision Network Screening Analysis Report; and,
7. Review the Collision Toolbox to determine if any additional countermeasures should be considered for implementation in the City

10.2.3 Implementation Strategies

The opportunities outlined in this report presents potential strategies and measures that can be implemented at both a systemic level and specific locations within the city. However, the actual implementation of these measures will depend on the availability of funding and resources, and its important to note that this guidance is preliminary and subject to change. In the near-term and mid-term, the City can focus its efforts on the following key areas of emphasis.

- Stopped- Controlled Intersection Improvements
- Vulnerable User Improvement
- Aggressive Driving Improvement

The analysis conducted at the citywide level has identified these factors as the most common contributors to collisions within the City. The countermeasure opportunities discussed earlier in this report, which encompass both systemic improvements and project-specific enhancements, can serve as a foundation for developing projects in locations where addressing these focus areas would yield the greatest benefits. These countermeasures were determined by examining the causes and types of collisions and devising strategies to address the specific conditions associated with them. By using citywide collision rates, projects aimed at addressing these focus areas can be developed with a favorable benefit-to-cost ratio, even in locations with little or no history of collisions but with conditions that could contribute to future incidents. For location-specific improvements, the City can utilize benefit-cost ratio calculations to prioritize projects as funding and resources become available.

This project prioritization process will help the City be ready for the funding opportunities identified in Section 9. Project prioritization will also help to guide the projects as they are taking into the design and construction project. Prioritization can be based on cost and ease of installation. Coordination with City departments will be key in the completion of these implementations.

The City can also plan to implement the non-engineering improvements identified throughout this report, including actions related to Enforcement, Education, and Emergency Services. These actions will require coordination with internal and external stakeholders, such as City departments, law enforcement, local government organizations, and local community organizations. Early buy-in and engagement from these stakeholders will be key to the success of these actions.

To aid in these actions, the City can assemble a ‘Task Force’ of representatives from different City departments, such as Public Works, Development Services, and Public Safety. This task force will be instrumental in the monitoring, analysis update, project development and project implementation outlined in this plan.

10.3 Next Steps

The City has completed the LRSP to guide the process of future transportation safety improvements for years to come. In addition to the actions identified in the Implementation Plan, the City can perform the following to guide the success of this LRSP and the safety efforts overall.

- Develop investment programs to help achieve the City's crash reduction goals.
- Work with state and partner agencies on implementation of large-scale programs and policies;
- Incorporate safety analysis findings in future updates of safety programs;
- Monitor statewide safety priorities, guidance, and funding opportunities.

APPENDIX A – SAFETY EDUCATION

Behavioral Safety Countermeasures

This appendix provides an overview of the implementation of behavioral safety countermeasures in the Local Roadway Safety Plan. The primary objective is to address the critical issue of promoting safe behaviors among road users, focusing on drivers, pedestrian, and cyclists. By targeting specific behaviors such as speeding, distracted driving, failure to yield, and disobeying traffic signals, the aim is to create a culture of responsible and cautious road use in the City of Palmdale. This section outlines potential strategies including education campaigns, enforcements efforts, and targeted interventions, with the ultimate goal of reducing fatal and severe injuries in the local roadways.



Education Campaigns

To raise awareness about safe driving practices and the potential consequences of risky behaviors. These campaigns can use various platforms such as social media, community events, and informational materials to educate road users on the importance of following traffic rules and being mindful of their actions on the roads.

Educational campaigns increase awareness among road users about the significance of following traffic rules and regulations. By providing information on safe driving practices, the responsibilities of pedestrians, and rights of cyclists, these campaigns ensure that individuals have a clear understanding of their role in promoting road safety. These campaigns aim to bring about a change in behavior by highlighting the risks associated with unsafe actions. By emphasizing the potential consequences of behaviors like speeding, distracted driving, and failure to yield, these campaigns encourage individuals to adopt safer practices and make responsible choices on the road. Additionally, education campaigns focus on equipping road users with the necessary knowledge and skills to navigate the road safely. By providing information on defensive driving techniques, pedestrian safety guidelines, and cycling best practices, individuals are empowered to make informed decisions and take appropriate actions to prevent collisions. Moreover, these campaigns foster community engagement and participation in promoting local roadway safety. By involving local residents, schools, businesses, and community organizations, a collective effort is made to create a culture of safety behaviors. Through consistent reinforcement of safe practices and ongoing education, these campaigns can instill a sense of responsibility and caution in road users, leading to a significant reduction in fatal and serious injuries on local roadways over time.

Enforcement Efforts

Through collaboration with law enforcement agencies, stricter monitoring and enforcement of traffic laws can discourage unsafe action. Targeted enforcement operations are conducted in

areas with a history of collisions or high-risk behaviors, with the aim of deterring violations and promoting compliance with traffic regulations.

Enforcement ensures that individuals adhere to traffic rules and regulations. By enforcing consequences for unsafe actions authorities create a deterrent effect and encourage compliance with safe practices. This enforcement serves as a reinforcement mechanism, reinforcing the importance of following traffic rules and holding individuals accountable for their actions on the road.

Targeted Interventions

To address specific areas of behaviors that pose a higher risk to road safety, countermeasures incorporate targeted interventions. These interventions include installing traffic calming measures, improving signage and road markings, and adjusting traffic signal timing in high-collision locations. By implementing these measures, the city can mitigate risks and create safer conditions for all road users. Targeted interventions are a more focused and efficient approach compared to broad, one-size-fits-all strategies, as they address specific areas or behaviors that pose a higher risk to road safety.



The behavioral safety countermeasure implemented in the local roadway safety plan is a comprehensive approach to promoting safe behaviors among road users. By targeting specific behaviors and employing strategies such as education campaigns, enforcement efforts, and targeted interventions, it aims to create a culture of responsible and cautious road use in our community. By addressing efforts to address specific areas of behaviors, it can maximize the effectiveness of countermeasures and promote safer conditions for all road users. This aligns with the safe system approach, recognizing that humans make mistakes and aiming to establish a forgiving road system that minimizes the impact of these errors. Through these efforts, it is anticipated a significant reduction in accidents and injuries on local roadways, ultimately enhancing overall road safety.

APPENDIX B – CONCEPTUAL PLANS

Figure 1

Marking to Enhance Bicycle/Pedestrian Safety on 2nd St. East and Avenue Q-7



Figure 2

Marking to Enhance Bicycle/Pedestrian Safety on 3rd St. East and East Avenue Q-7



Figure 3

Marking to Enhance Bicycle/Pedestrian Safety on 20th St. East and East Avenue Q



Figure 4

Marking to Enhance Bicycle/Pedestrian Safety on 20th St. East and East Avenue Q



Figure 5

Marking to Enhance Bicycle/Pedestrian Safety on Division St. and Kimberly Lane



Figure 6

Marking to Enhance Bicycle/Pedestrian Safety on E Avenue R-4 and 25th Street E



Figure 7

Marking to Enhance Bicycle/Pedestrian Safety on E Avenue R-4 and 25th Street E

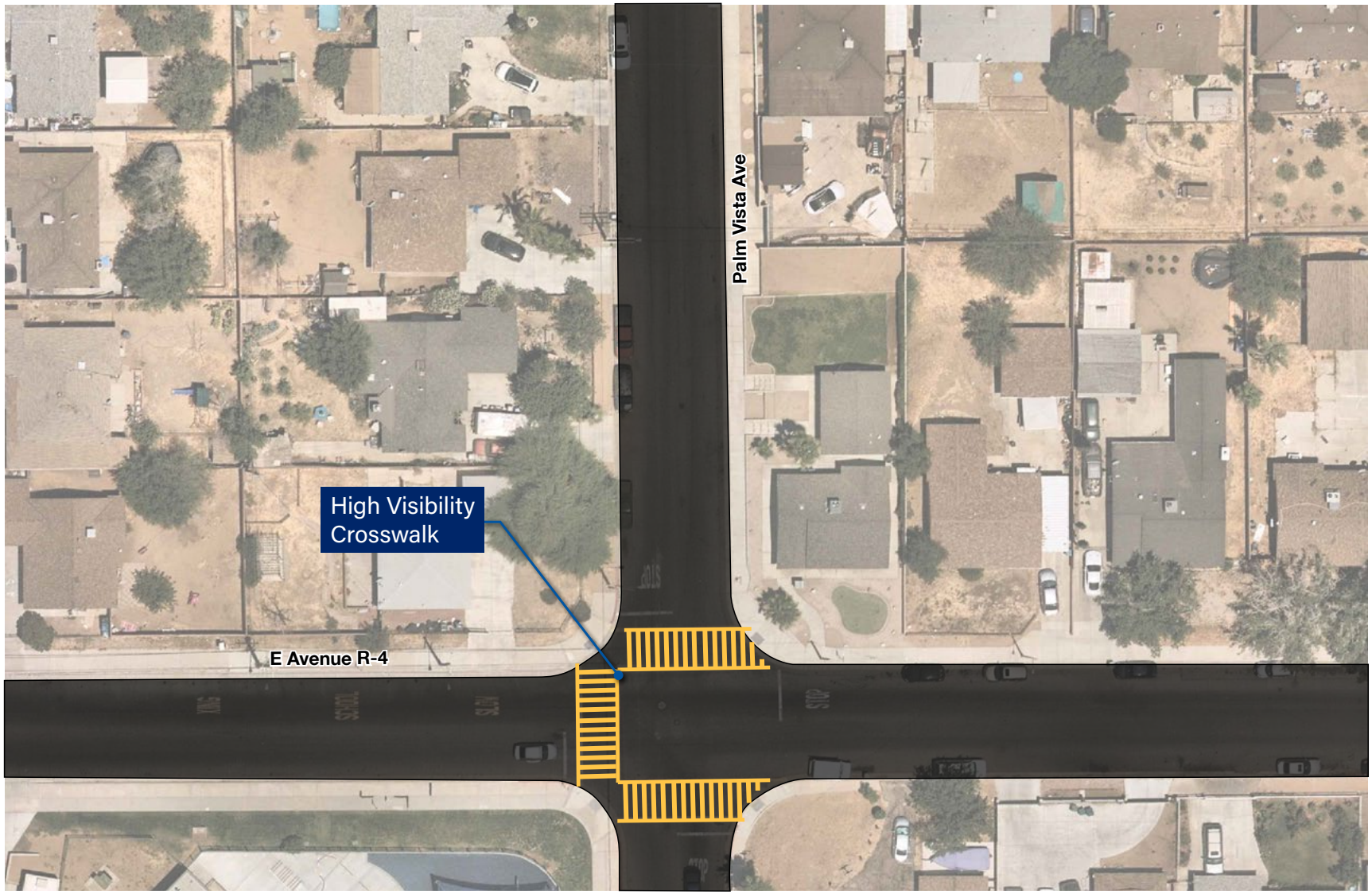


Figure 8

Marking to Enhance Bicycle/Pedestrian Safety on Olive Drive and 30th St E

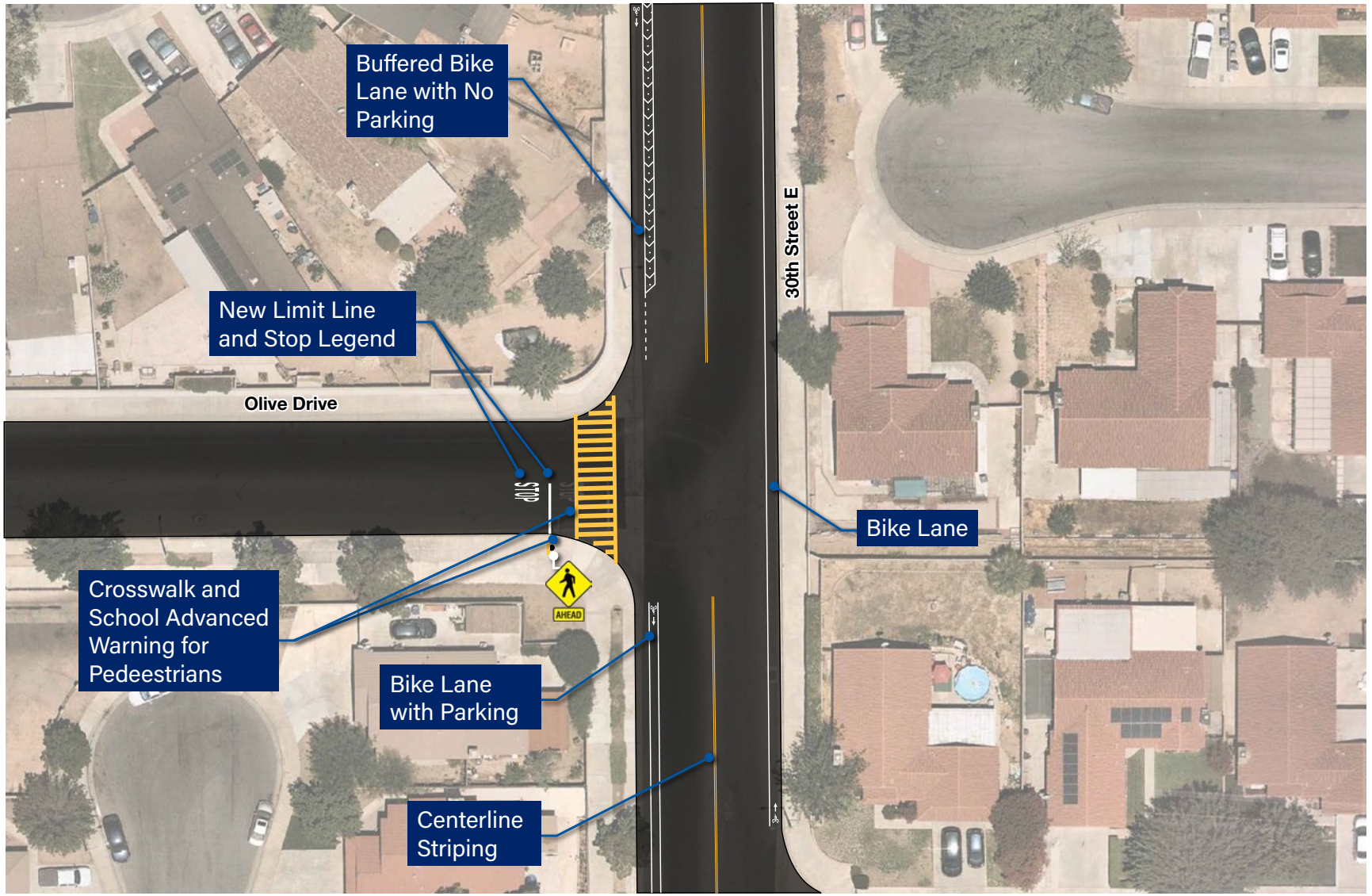
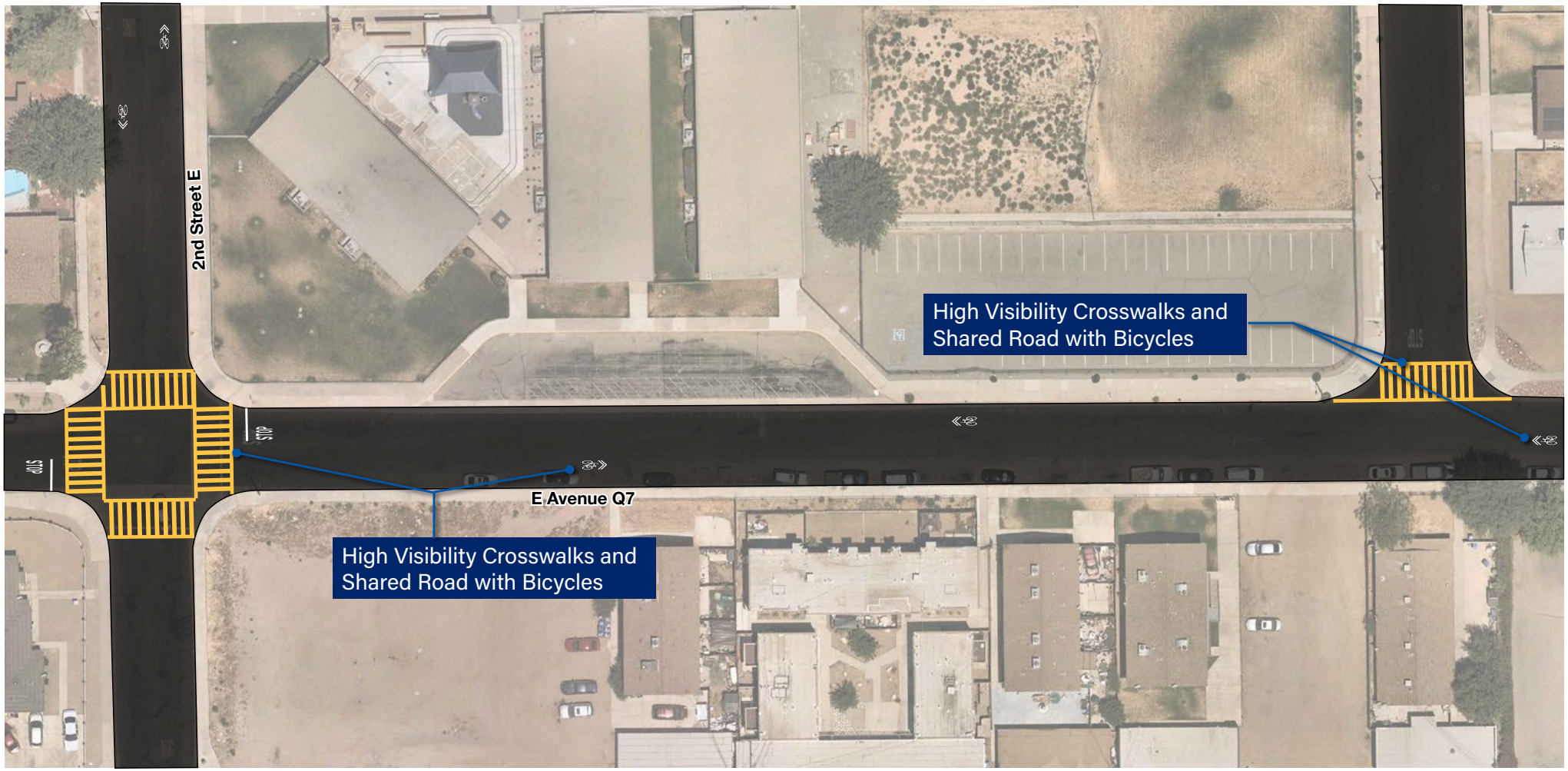


Figure 9

Marking to Enhance Bicycle/Pedestrian Safety on 2nd St E and E Avenue Q7



Palmdale

Local Road Safety Plan



Introduction

Jay Nelson
City Traffic Manager
City of Palmdale

Darryl DePencier
Project Manager
Kimley-Horn



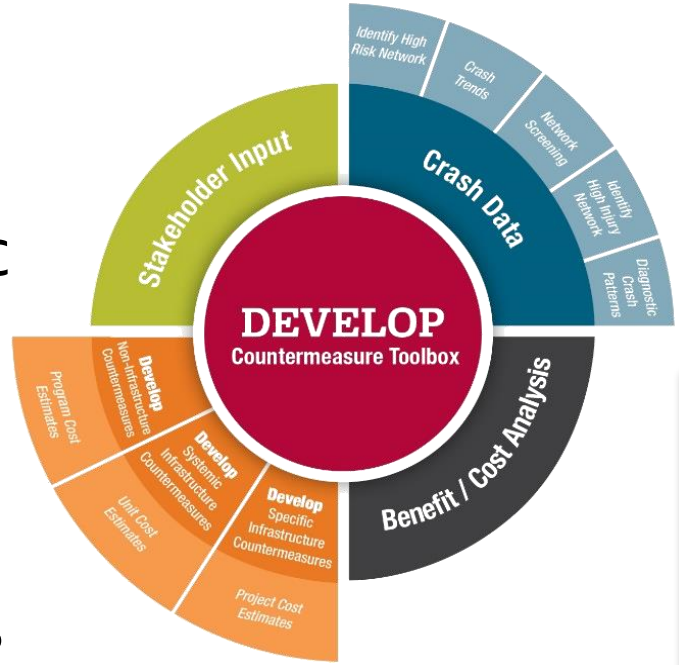
What is a LRSP ?

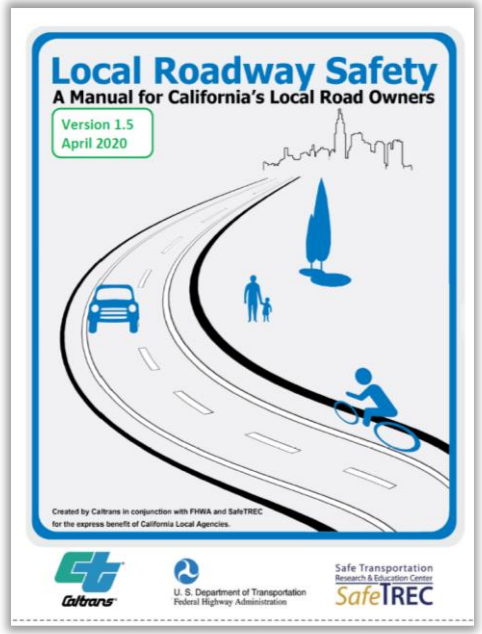
- A statewide **data-driven** traffic safety that coordinates the efforts of a wide range of organizations **to reduce traffic accident fatalities and serious injuries** on all public roads
- Creates a framework to systematically identify and **analyze safety problems and recommend safety improvements**.
- Is a program organized and funded by Caltrans
- Is necessary to receive Highway Safety Improvement Program (HSIP) funding and makes City competitive for other grant funding opportunities

- The Caltrans Strategic Highway Safety Plan address the 4Es of traffic safety:
- **E**ngineering, **E**nforcement, **E**ducation, and **E**mergency Services

Goals & Objectives

- Understand the factors that contribute to collisions
- Develop strategies to reduce traffic injuries
- Develop an action plan to prioritize safety improvements
- Increase the City's competitiveness for safety funding







Grant Opportunities

Highway Safety Improvement Program (HSIP)

Caltrans

Safe Streets 4 All

S | S
4 | A

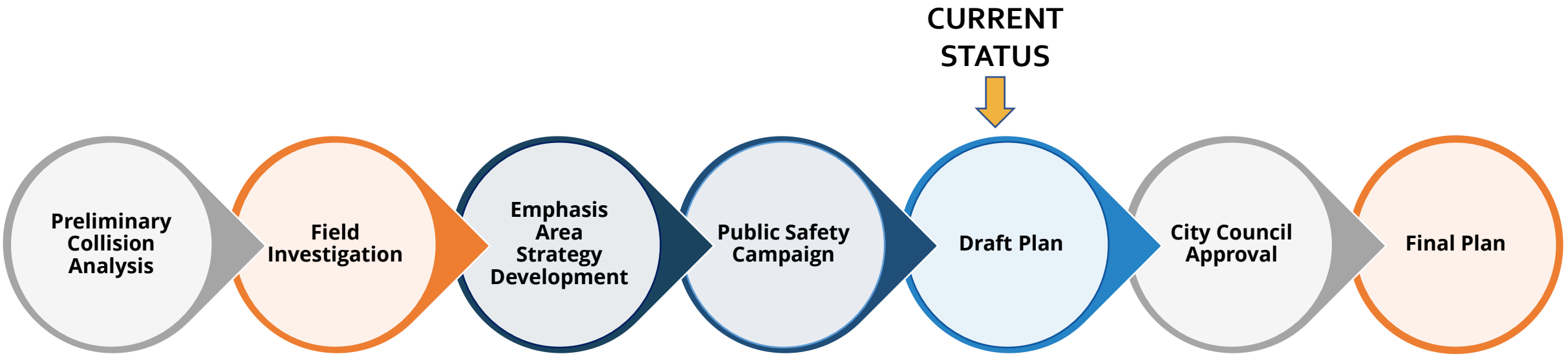
Public Engagement





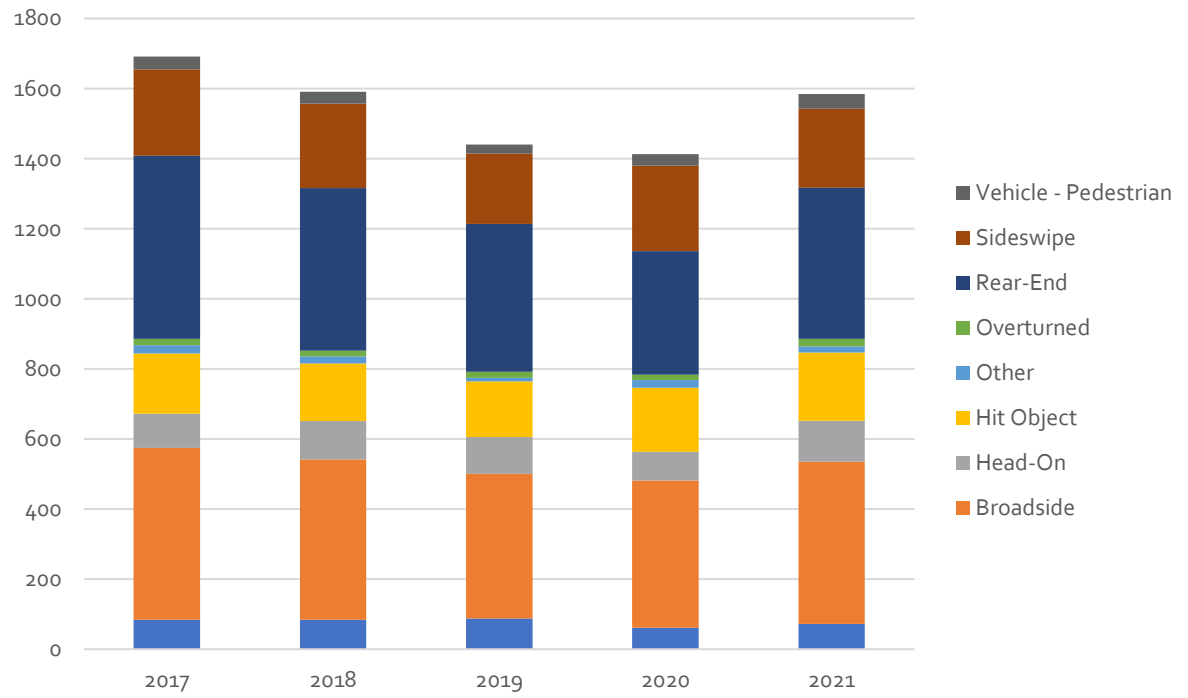


Timeline


CURRENT STATUS
Preliminary Collision Analysis
Field Investigation
Emphasis Area Strategy Development
Public Safety Campaign
Draft Plan
City Council Approval
Final Plan

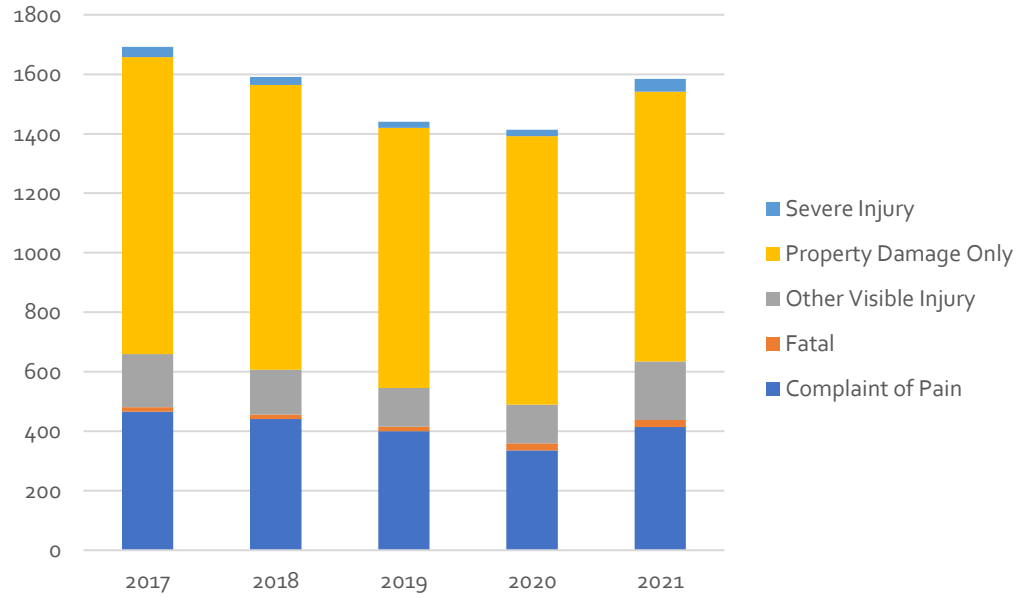
Citywide Safety Background and Trends

Citywide Safety Background and Trends
Crash Type by Year (2017-2021)



Citywide Safety Background and Trends

Injury Collisions by Year (2017-2021)



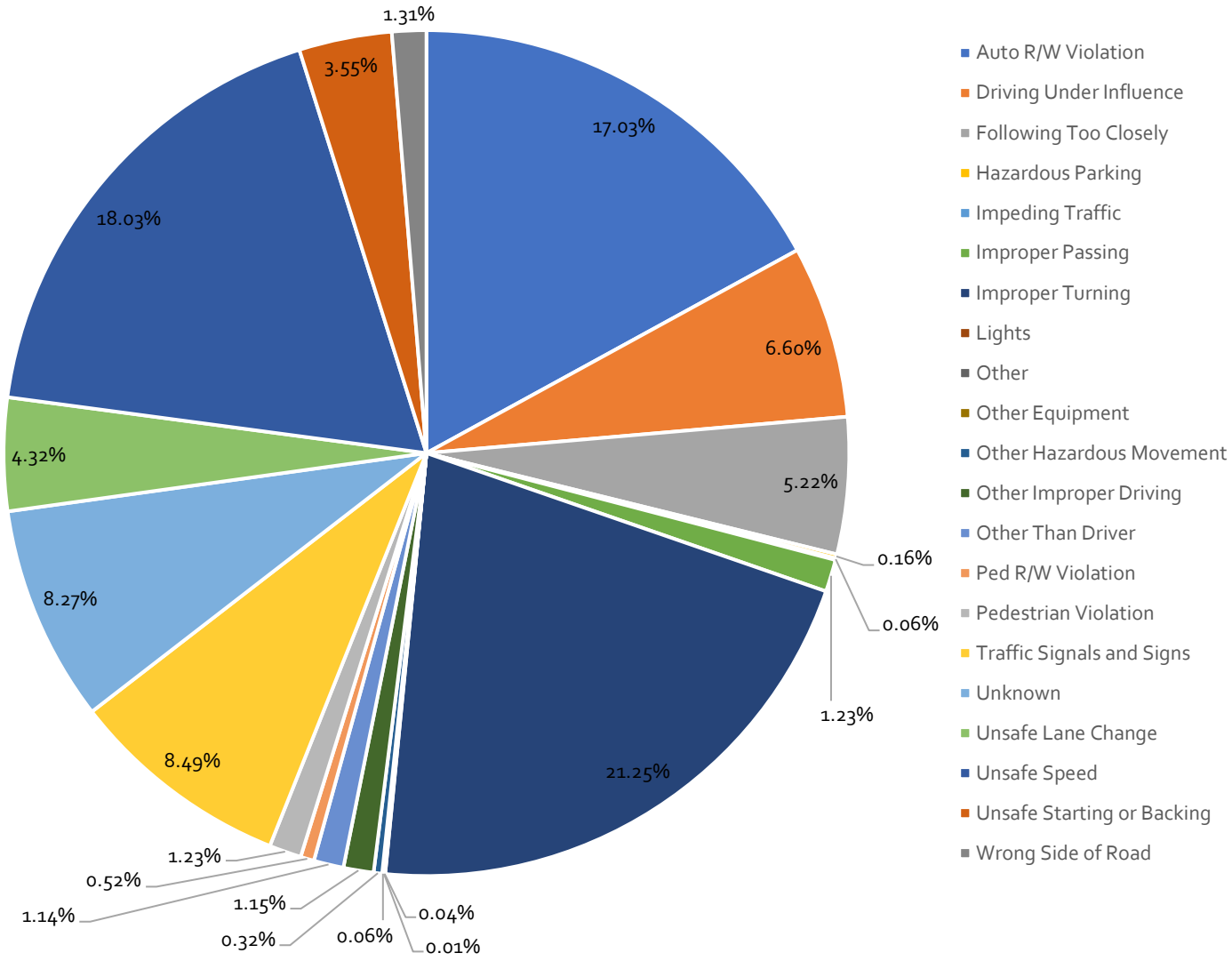
Citywide Safety Background and Trends

Injury Collisions by Type of User Involved (2017-2021)

Involved With	Fatal	Severe Injury
Bicycle	0	9
Fixed Object	14	19
Motor Vehicle on Other Roadway	1	2
Non-Collision	1	5
Other Motor Vehicle	48	83
Other Object	0	2
Parked Motor Vehicle	0	1
Pedestrian	28	25
Total	92	146

Citywide Crash Trends

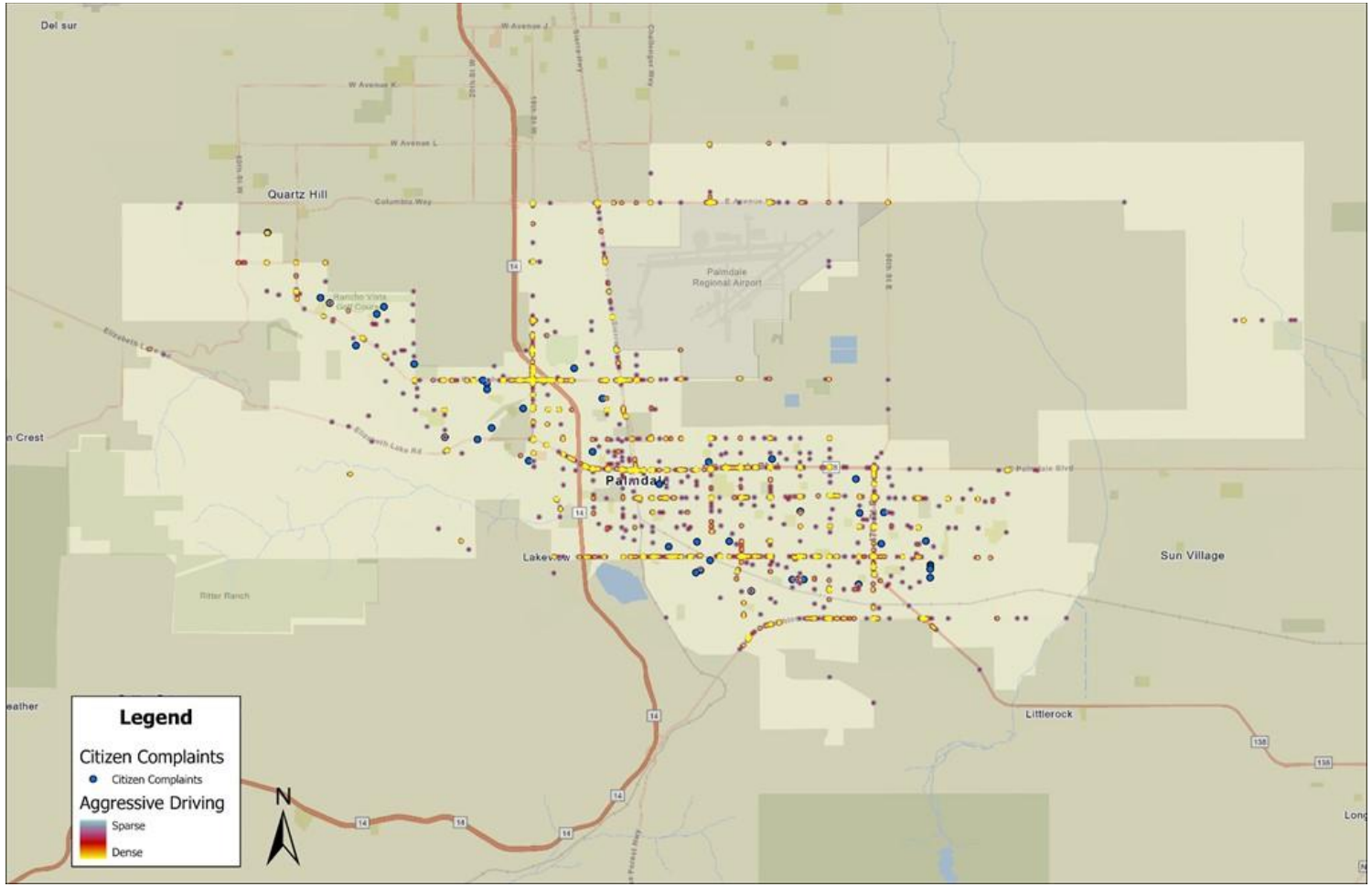
Causes of Crashes (2017-2021)



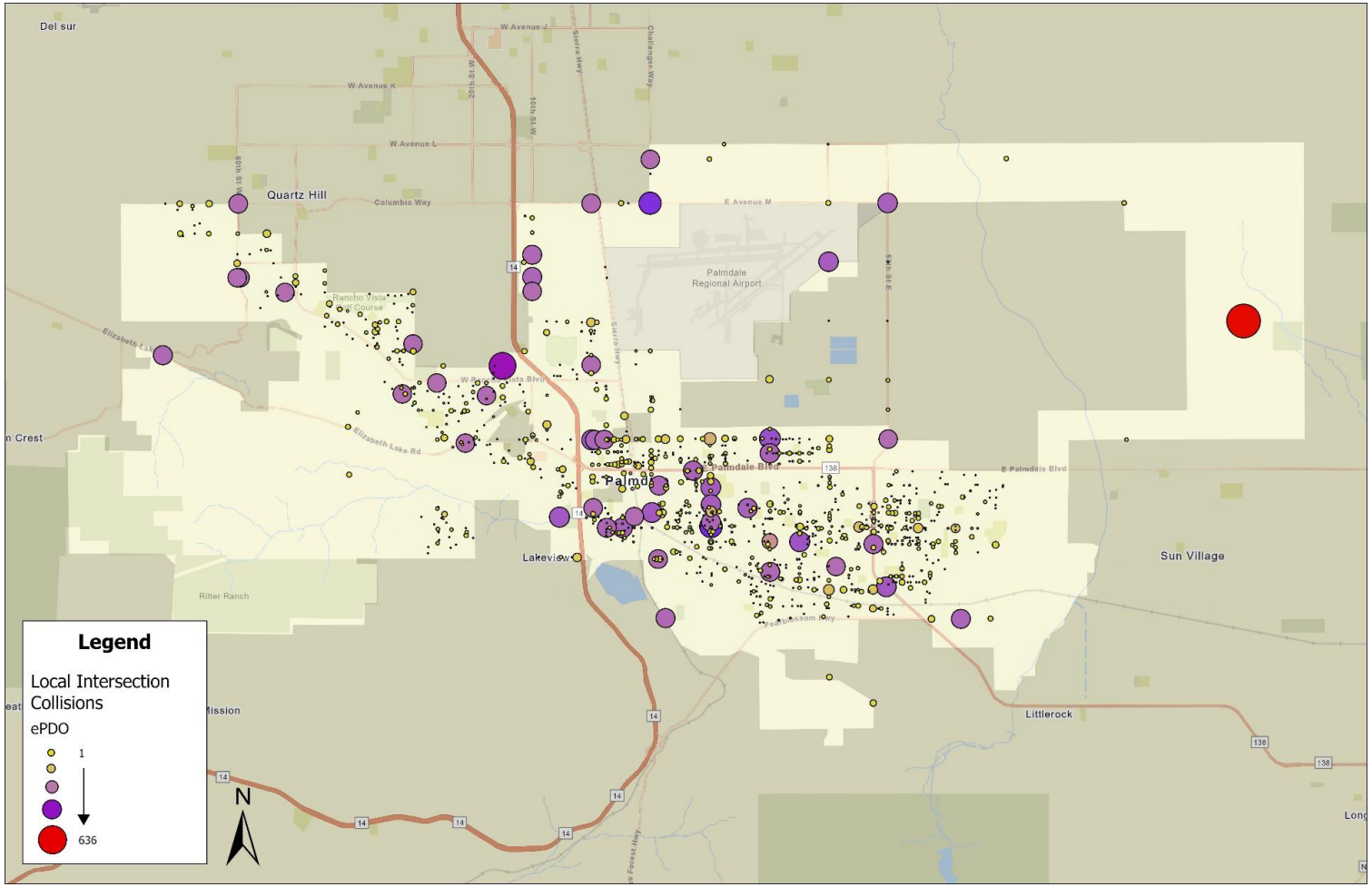
Systemic Projects

- Vulnerable Users Improvements
- Unsignalized Intersection Improvements
- Traffic Calming Improvements

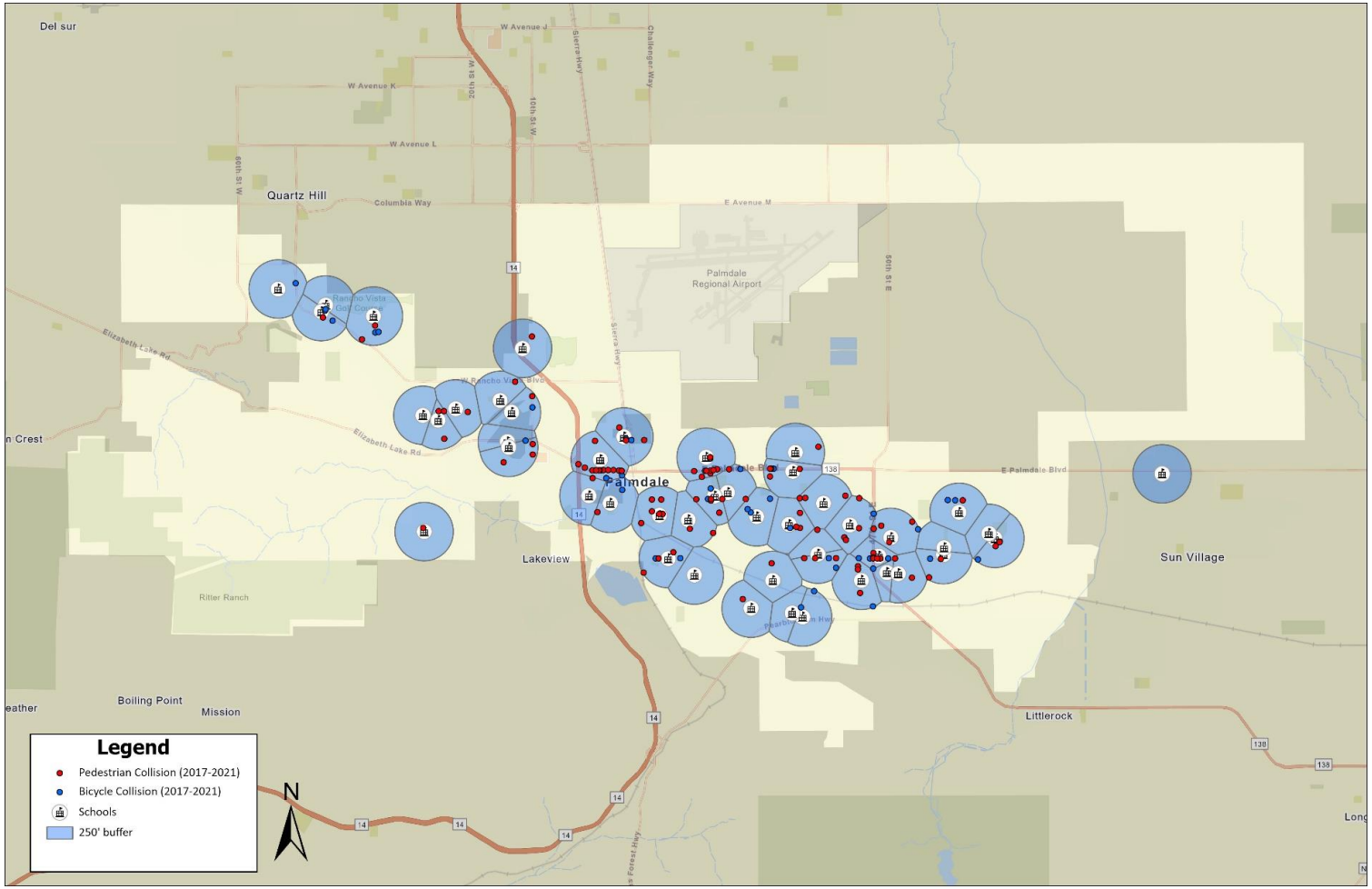
Aggressive Driving



Unsignalized Improvements



Bike & Ped Collisions near schools



Potential Improvements



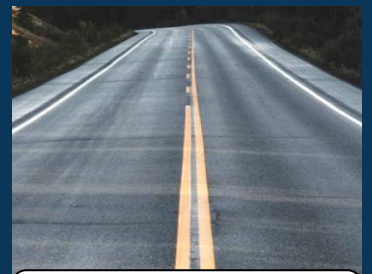
Raised Median



Shoulder Improvements



Mini Roundabout



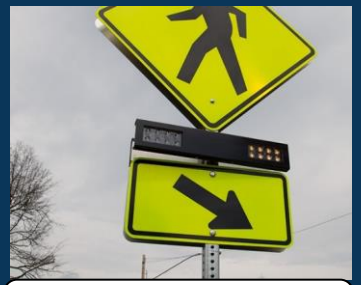
Install Centerlines and Edgelines



Edgeline Rumble Strips



Centerline Rumble Strips



Rectangular Rapid Flashing Beacon (RRFB)



Curb Extension/Bulb Out



Pavement Warning Messages



Pedestrian Hybrid Beacon



Pedestrian Crossings at Uncontrolled Locations



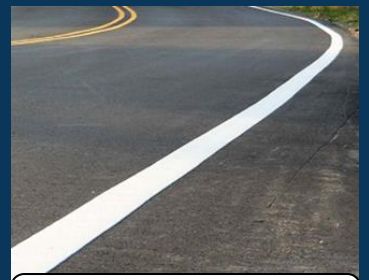
Upgraded Pedestrian Crossing



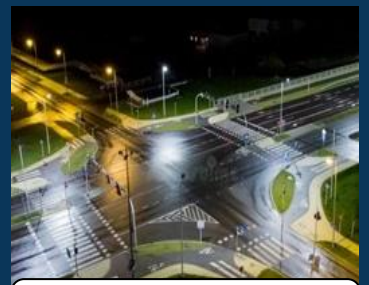
Sidewalk/Pathway



Leading Pedestrian Interval



Edgeline Striping



Intersection Lighting



Transverse Rumble Strips on Approaches



Intersection Markings

Thank You

Contact

Jay Nelson
Email: jnelson@cityofpalmdale.org

Darryl DePencier
Email: Darryl.depencier@kimley-horn.com

MINUTES
CITY COUNCIL/SA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
NOVEMBER 6, 2024

www.cityofpalmdale.org

1) CALL MEETING TO ORDER

Mayor Bishop called the meeting to order at 5:05 pm.

Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN

PRESENT: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.
ABSENT: None.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Mayor Pro Tem Loa led the pledge of allegiance.

4) PRESENTATIONS

4.1) Antelope Valley Union High School District (AVUHSD) Stem Expo Recognition.

Representatives from Antelope Valley Union High School District displayed a video and spoke about the Science Technology Engineering and Math (STEM) Program.

Mayor Bishop spoke regarding Science Technology Engineering and Math and presented certificates to the participants of the STEM Expo.

4.2) Association of Sister Cities of Palmdale 50th year Anniversary presentation.
Sylvia Magallanes, President of the Association of Sister Cities of Palmdale, presented a plaque and commemorative items to the Council on behalf of the Sister City in recognition of the 50th Anniversary.

Mayor Pro Tem Loa spoke about community events held in Poncitlan Square and the relationship with Jalisco, Mexico.

5) PUBLIC COMMENTS
CONSENT CALENDAR, APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION:

Public Comments: None.

Councilmember Alarcón pulled items 6.6, 6.7, and Councilmember Bettencourt pulled item 6.8 for discussion.

6) CONSENT CALENDAR

6.1) Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

6.2) Receive and file the Monthly and Quarterly Investment Activity Reports for September 2024.

6.3) Adopt Resolution No. CC 2024-081, a Resolution of the City Council of the City of Palmdale of consideration to alter the rate and method of apportionment of special taxes for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch phase 1 Public Facilities).

6.4) Adopt Resolution No. CC 2024-057, a Resolution of the City Council of the City of Palmdale declaring certain property surplus land (APN's 3008-041-001 through -010 and 3128-015-903).

6.5) Receive and file the annual Activity Report for the Development Agreement pertaining to the Oasis Wellness Village project located at the southeast corner of Palmdale Boulevard and Tierra Subida Avenue.

6.6) Approve Agreement with Flock Group Inc. to provide Flock Services to 75 License Plate Reader cameras with a not to exceed amount of $1,133,950 for a contract term of five years from October 5, 2024, through October 4, 2029.

Councilmember Bettencourt recused herself from this item because she works for the Sheriff's Department. She stepped away from the dais at this time.

Deputy City Manager Gallagher presented the staff report.

Councilmember Alarcón provided details on the item.

Captain Bardon discussed the benefits of having flock cameras. Council spoke in favor of this item.

Motion: Approve Agreement with Flock Group Inc. to provide Flock Services to 75 License Plate Reader cameras with a not to exceed amount of $1,133,950 for a contract term of five years from October 5, 2024, through October 4, 2029.
Moved by Andrea Alarcón, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Andrea Alarcón.

Councilmember Bettencourt returned to the dais.

6.7) Accept the Charging and Fueling Infrastructure Discretionary Grant Opportunity from the U.S. Department of Transportation Federal Highway Administration for the funding amount of $14,810,000 and approve agreements for the implementation of the EVequity Leadership Project.

Manager Lucha provided a brief overview of this item.

Councilmember Alarcón commended the City Team and spoke regarding disadvantaged communities.

Councilmember Bettencourt asked if some of the money could be allocated to apartment complexes. Mr. Lucha stated that this grant cannot be used for apartment complexes; however, they are looking at other resources to provide that service.

Discussion ensued regarding charging stations and their locations.

Motion: Accept the Charging and Fueling Infrastructure Discretionary Grant Opportunity from the U.S. Department of Transportation Federal Highway Administration for the funding amount of $14,810,000 and approve agreements for the implementation of the EVequity Leadership Project.
Moved by Andrea Alarcón, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6.8) Approve Final Parcel Map No. 83985 (located at the Northeast corner of Avenue S and 40th Street East).

Councilmember Bettencourt recused herself from this item and stepped away from the dais because she lives close to the location being discussed.

Motion: Approve Final Parcel Map No. 83985 (located at the Northeast corner of Avenue S and 40th Street East).
Moved by Richard J. Loa, seconded by Eric Ohlsen.

Vote: Motion carried (4-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Andrea Alarcón.

Councilmember Bettencourt returned to the dais.

6.9) Adopt Resolution No. CC 2024-083, a Resolution of the City Council of the City of Palmdale declaring its intention to conduct a public hearing to consider the vacation of portions of 8th Street East south of Rancho Vista Boulevard and north of Avenue P-8.

6.10) Approve the minutes from the previous meeting.

Motion: Approve all items listed under the Consent Calendar except Items 6.6, 6.7, and 6.8.
Moved by Richard J. Loa, seconded by Eric Ohlsen.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

7) PUBLIC HEARING

7.1) Adopt Resolution No. CC 2024-080, a Resolution of the City Council of the City of Palmdale declaring results of majority protest proceedings and renewing the Palmdale Tourism Improvement District.

City Clerk Scott read the title of Resolution No. CC 2024-080.

Acting Director of Economic and Community Development Taggart presented the staff report.

Mayor Bishop discussed the success of the Palmdale Tourism Improvement District.

Mayor Bishop opened the Public Hearing.

Testimony: None.

Mayor Bishop closed the Public Hearing.

Motion: Adopt Resolution No. CC 2024-080, a Resolution of the City Council of the City of Palmdale declaring results of majority protest proceedings and renewing the Palmdale Tourism Improvement District.
Moved by Richard J. Loa, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

7.2) Adopt Resolution No. CC 2024-085, a Resolution of the City Council of the City of Palmdale approving Major Modification 24-0023; a request for modifications to Site Plan Review 23-003 an approved mixed-use commercial and residential development located north of Avenue R and west of 30th Street East and find that the project is categorically exempt from environmental review (APN: 3018-026-001).

Councilmember Bettencourt recused herself from this item because she lives in the project area. She stepped away from the dais at this time.

City Clerk Scott read the title of Resolution No. CC 2024-085.

Planning Manager Magana provided a brief overview of the project.

Tim, a representative from Together California, provided detailed information about the project.

There was Council discussion regarding the construction timeline and benefits of the project.

Mayor Bishop opened the Public Hearing.

Testimony: Chuck Murphy spoke in support of the project.

Mayor Bishop closed the Public Hearing.

Motion: Adopt Resolution No. CC 2024-085, a Resolution of the City Council of the City of Palmdale approving Major Modification 24-0023.
Moved by Andrea Alarcón, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Andrea Alarcón.

Councilmember Bettencourt returned to the dais.

7.3) Adopt Resolution No. CC 2024-082, a Resolution of the City Council of the City of Palmdale approving the issuance of Revenue Bonds by the California Municipal Finance Authority (the "CMFA") in an aggregate outstanding principal amount not to exceed $15,000,000 to finance and refinance a 48-unit qualified residential rental project for the benefit of 9th Street E. Housing, LP, a California Limited Partnership, or another entity to be created by Milare Housing Investments, Inc. (or an affiliate), and certain other matters relating thereto.

City Clerk Scott read the title of Resolution No. CC 2024-082.

Director of Operations Samson presented the staff report.

Mayor Bishop opened the Public Hearing.

Testimony: None.

Mayor Bishop closed the Public Hearing.

Motion: Adopt Resolution No. CC 2024-082, a Resolution of the City Council of the City of Palmdale approving the issuance of Revenue Bonds by the California Municipal Finance Authority (the "CMFA") in an aggregate outstanding principal amount not to exceed $15,000,000 to finance and refinance a 48-unit qualified residential rental project for the benefit of 9th Street E. Housing, LP,.
Moved by Richard J. Loa, seconded by Eric Ohlsen.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

8) CITY MANAGER'S REPORT

City Manager Perez reported on the following: Palmdale Sheriff's Station Halloween-themed open house, SAVES Spooktacular Trick or Treat drive-through, Palmdale Sheriff's Booster Trunk or Treat, AV Alta Academy Ribbon Cutting at Sam Yellen Park, 9th Street East Food Trucks on Fridays, ILead Youth Conference Friday, November 8, IServe Program, Palmdale Regional Medical Center Heart and Stroke Walk, Saturday, November 9, Veteran's Day Ceremony on Monday, November 11, Youth for Justice Intro, Holiday Boutique, State Route 14 Public Scoping Meeting Tuesday, November 19, and welcomed Public Safety Director Palmieri and Public Works Director Torres to the City Team.

9) COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Councilmember Bettencourt reported on the following: Audit Committee meeting, Making Strides Against Breast Cancer Walk, AV Chamber State of the County, Sanitation District meeting, Kaleidoscope Fall Festival, Trick or Treat Pumpkin Walk, Palmdale Recycled Water Authority meeting, AV Hispanic Chamber Commerce State of the State luncheon, Annual Chili Cook-Off, District 3 Neighborhood Watch meeting, AV Edge Fall Forum luncheon, Vet in the Park, Sheriff's Department Trunk or Treat event, and Pasadena pet event.

Mayor Pro Tem Loa reported on the following: Spanish Talk Radio, Veterans Administration meeting regarding workforce housing in Palmdale, AV Chamber State of the County meeting, hosted the Executive Committee meeting for the North County Regional Round Table on homelessness, High Desert Corridor meeting, Kaleidoscope Fall Festival, meeting with Dr. Smith, CEO of Mojave Airport about bringing an airport to Palmdale, AVAQMD meeting, 3rd Annual AV Mental Health Awareness Day event, AVTA meeting, AV Hispanic Chamber of Commerce State of the State luncheon, Executive Committee for Regional Homeless Alignment meeting, Three Heart Connections Thriver's Gala, Together California reception at Karen Bass' home, and Lancaster and AV Edge meeting.

Councilmember Ohlsen reported on the following: meetings with Mayor Karen Bass, Palmdale Sheriff's Station haunted house, congratulated Mayor Bishop and Mayor Pro Tem Loa on their reelection, thanked the voters for having faith and confidence related to the passage of Measure PD, and Coffee4Vets ball.

Councilmember Alarcón reported on the following: Together California Fundraising event at Mayor Bass' home, Three Heart Connections Thriver's Gala, and Hispanic Chamber of Commerce Dia De Los Muertos event.

Mayor Bishop reported on the following: Bob's Discount Furniture grand opening, KFI Radio interview on the pillowcase rapist, Kaleidoscope Fall Festival, Dodger Game watch parties, Yellen Park Soccer Field, 14th Annual Ride to End Violence, and the Palmdale Partners Academy Graduation Ceremony.

10) NON-AGENDA PUBLIC COMMENTS:

The following individuals provided public input: Eugene Hernandez commented on restroom supplies and safety at the library and requested more bus benches in the

City; Mr. Medrano, J&J Auto Repairs, raised concerns regarding his business and code enforcement guidelines. Mayor Bishop directed Mr. Medrano to Community Services Supervisor Vallarta; Kim Nguyen spoke regarding children's development areas; and Marsha Furman provided information on the Honor Flight in Bakersfield/Kern County and spoke regarding her personal experience.

11) PRESENTATION BY CITY ATTORNEY

City Attorney Curley confirmed items would be heard as listed.

11.1) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Los Angeles County Superior Court Case No. 22STCV01269
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

11.2) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Los Angeles County Superior Court Case No. 22STCV29463
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

12) ANNOUNCEMENT BY CITY ATTORNEY

Closed Session was held from 6:46 pm - 7:28 pm.

City Attorney Curley announced items 11.1 and 11.2 were discussed, Council was updated, and there were no further reportable actions.

13) ADJOURNMENT

Mayor Bishop announced the meeting would be adjourned in honor of Lieutenant Commander Lyndsay P. Evans

Councilmember Ohlsen spoke about Lieutenant Commander Lyndsay P. Evans accomplishments in the U.S. Navy.

Mayor Bishop adjourned the meeting at 7:31 pm to November 20, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 20th day of November 2024.

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

City Council Staff Report

DATE: **NOVEMBER 20, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-087, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR THE CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES) AND APPROVING RELATED DOCUMENTS AND ACTIONS**

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2024-087, a Resolution of the City Council of the City of Palmdale authorizing the issuance of Special Tax Bonds for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) and approving related documents and actions.

BACKGROUND

RdR Development Holdings, LLC is the property owner of the Phase 1 property portion of the Community Facilities District No. 2022-3 ("CFD 2022-3") and has requested that the City proceed with the approval of the first series of Special Tax Bonds ("Bonds") for CFD 2022-3. Certain actions are required by the City Council for the issuance of the Bonds.

DISCUSSION

The Phase 1 development contains 1,180 residential units. These units will be built over time. RdR Development Holdings, LLC (Master Developer) wish to issue the first series of Bonds now to be supported by the Special Taxes on all of the 688 detached single-family units. This encompasses all the units in Phase 1A and 135 units in Phase 1B. A future series of Bonds (subject to future City Council consideration and action) is proposed for 2026, to be secured by the remaining 492 attached residential units.

The Special Taxes generated by the detached single-family units supports approximately $33.4 million in Bonds. This will provide funding of an estimated $28.4 million in infrastructure improvements. A reserve fund for the Bonds is also anticipated to be funded with Bond proceeds. The following table provides the anticipated size of the bond issue, including funding of the costs of issuance and capitalized interest. Capitalized interest is used to pay debt service on the Bonds during the first two tax years until taxes can be levied.

Cost of Issuance	$ 808,000
Reserve Fund	1,226,000
Capitalized Interest through 9/1/2026	2,830,000
City Administrative Fees	86,000
Construction Fund	28,405,000
Par Amount of Bonds Issued	$33,355,000

All costs associated with the Bonds will be paid out of proceeds from the issuance of the bonds as outlined below.

Bond Counsel/Disclosure Counsel	$80,000
Municipal Advisor	80,000
Special Tax Consultant	19,000
Trustee	10,000
Staff Reimbursable Costs	35,000
Total Fixed Costs	$224,000
Underwriting	584,000
Total Expected Issuance Expenses	$808,000

It is anticipated that the Bonds will be issued on February 27, 2025.

Special Tax Bonds typically mature in 30 years. These Bonds will mature in 2064, a forty-year maturity. This longer maturity was negotiated with the RdR parties as part of the creation of CFD 2022-3 and cancellation of the City's CFD 93-1 (Ritter Ranch) Special Tax Bonds currently secured by the Phase 1 property. The interest rate is expected to be 6%.

The infrastructure expected to be funded with this current series of Bonds include street improvements, domestic water facilities, and sewer and storm drain facilities. The City and the Master Developer are parties to an Acquisition Agreement, dated as of November 1, 2022, relating to the construction by the Master Developer of some of the infrastructure for CFD 2022-3 and the parties are required to approve a Supplement No. 1 to Acquisition Agreement (Acquisition Agreement Supplement) to update the type of facilities to be financed and the budget for the infrastructure to be constructed by the

Master Developer. The Acquisition Agreement Supplement will be presented for consideration at a future meeting.

The Bonds will be sold by Hilltop Securities Inc. to the Master Developer or a related entity such as Preston Hollow Community Capital (Bondholder). Due to the significant amount of infrastructure required to be built to support the first phase of development, remaining land use approvals and other issues affecting the ability to build homes in Phase 1, the Bondholder will hold the Bonds as an investment until such time as certain transfer restrictions are lifted. The Bonds should be held by sophisticated investors during the buildout period in case development delays occur or other impediments to development materialize. Currently there are no improvements in CFD 2022-3 and the assessed value of the 235 acres is only $1,156,708. The value of the property is an important factor in determining the investment quality of the Bonds.

The Master Developer has advised that, given the land use entitlements that have been obtained for Phase 1A and a portion of Phase 1B and are in process for the remainder of Phase 1B, and the expected use of proceeds of the Bonds to finance infrastructure improvements incident to the development of the property in the CFD, the fair market value of the property may be significantly greater than its current County-assessed value, and the fair market value of the property will in any event increase as infrastructure improvements are completed and homes are constructed in the CFD. However, prudent provisions have been included in the Fiscal Agent Agreement that only allow the Bonds to be transferred to other designated sophisticated investors, or used as security for lenders to the Bondholder, until the appraised value to the lien of the Bonds is at least 3:1 and all land use entitlements and zoning for development of all 1,180 residential units is obtained.

A preliminary limited offering memorandum, describing CFD 2022-3, the Bonds, the Master Developer, the proposed development, and the Bond transfer restrictions was prepared by staff and the Disclosure Counsel, with input from the City's bond counsel and from the Master Developer.

Approval of the financing requires that the City adopt a resolution authorizing distribution of the preliminary limited offering memorandum in connection with the bond sale, sale of the Bonds on certain terms and conditions, and execution of various documents in connection with the bond sale by the City Manager and the Director of Operations.

The parameters for the Bond sale are: (1) the par amount of the Bonds cannot exceed $46,000,000, (2) the true interest cost must be less than 7% and (3) the underwriters' discount cannot exceed 1.75% of the par amount of the Bonds.

The City Council resolution also approves the form of the following documents:

- A Fiscal Agent Agreement between the City and the US Bank National Association, as Fiscal Agent;
- A Bond Purchase Agreement between the City and Hilltop Securities Inc.;
- A Preliminary Limited Offering Memorandum; and,
- A Continuing Disclosure Agreement (appended to the Preliminary Limited Offering Memorandum).

The Bonds are also issued in compliance with the City's Local Goals and Policies for Community Facilities Districts – Residential and with the City's Debt Management Policy.

FISCAL IMPACT

$0; There is no fiscal impact to the City as a result of this action. The special taxes to pay for the Bonds will be levied on property within CFD 2022-3.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost-effective, customer-focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS
Reso. No. CC 2024-087
Agrmt No. A-9125 with US Bank National Association, Fiscal Agent
Agrmt No. A-9126 with Hilltop Securities Inc., Bond Purchase Preliminary Limited Offering Memorandum

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024 -087

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR THE CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES) AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City Council of the City of Palmdale (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to form the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), to authorize the levy of special taxes upon the land within the District, and to issue bonds secured by said special taxes to finance public facilities authorized to be funded by the District (the "Facilities"); and

WHEREAS, the City Council has determined that it is in the best interest of the owners of property in the District that special tax bonds of the City for the District be issued in an original aggregate principal amount which shall not exceed $46,000,000 (the "2025 Bonds") to provide financing for the Facilities; and

WHEREAS, there have been submitted to this City Council certain documents providing for the issuance of the 2025 Bonds and the use of the proceeds of the 2025 Bonds to finance the Facilities, and this City Council has reviewed said documents and found them to be in proper order; and

WHEREAS, there has been submitted to the City Council a Fiscal Agent Agreement No. A-9125 (the "Fiscal Agent Agreement"), between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), providing for the issuance of the 2025 Bonds under the authority provided in the Act, and the City Council, with the aid of City staff, has reviewed the Fiscal Agent Agreement and found it to be in proper order, and now desires to approve the Fiscal Agent Agreement and the issuance of the 2025 Bonds; and

WHEREAS, there has been presented to the City Council a preliminary limited offering memorandum (the "Preliminary Limited Offering Memorandum") describing the 2025 Bonds, and the City Council now desires to approve the Preliminary Limited Offering Memorandum in connection with the offering of the 2025 Bonds to the prospective purchaser of the 2025 Bonds; and

WHEREAS, there has been presented to the City Council a Bond Purchase Agreement No. A-9126 (the "Purchase Contract") to be executed by the City, for and on behalf of the District, and Hilltop Securities Inc. (the "Underwriter"), and the City

Council now desires to approve such agreement in connection with the sale of the 2025 Bonds; and

WHEREAS, there has been presented to the City Council a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be executed by the City, for and on behalf of the District, and a dissemination agent, and the City Council now desires to approve such agreement in connection with the administration of the 2025 Bonds; and

WHEREAS, it appears that each of said documents which are now before the City Council at this meeting is in appropriate form and is an appropriate document to be executed and delivered for the purpose intended; and

WHEREAS, pursuant to Section 53345.8 of the California Government Code, the legislative body of a community facilities district may issue and sell bonds of the District only if it determines, based on the full cash value as shown on the ad valorem Assessment Roll or upon an appraisal, that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three times the principal amount of the bonds to be secured by the special tax on property within the district, or unless the legislative body finds that the proposed bonds do not present any unusual credit risk due to the availability of credit enhancements or for other reasons specified by the legislative body; and

WHEREAS, if the 2025 Bonds are issued in an original aggregate principal amount of $46,000,000, the value of the parcels of real property within the boundaries of the District that will be subject to the levy of Special Taxes (as defined in the Fiscal Agent Agreement for the 2025 Bonds) to pay the principal of and interest on the 2025 Bonds, based on the full cash value as shown on the Assessment Roll of the County of Los Angeles of parcels within the District, will be less than three times the aggregate principal amount of the 2025 Bonds; and

WHEREAS, the issuance and sale of the 2025 Bonds should proceed for the following reasons, (i) the 1995 Bonds, defined below, are in payment default and will be cancelled as a result of this transaction, (ii) the issuance of the 2025 Bonds is a part of the orderly development of land within the District, and (iii) special measures have been taken with respect to the issuance of the 2025 Bonds such that only Qualified Institutional Buyers, as defined in the Fiscal Agent Agreement, are eligible to own the 2025 Bonds, unless the land within the District meets certain thresholds in value or Special Tax revenues; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, certain information relating to the 2025 Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, the boundaries of the District overlap the boundaries of the City's Community Facilities District No. 93-1 (Ritter Ranch) ("CFD 93-1"), and the owner of all of the outstanding special tax bonds issued in 1995 for CFD 93-1 (the "1995 Bonds") has agreed to tender the 1995 Bonds to the City for cancellation without any further payment of debt service owing on the 1995 Bonds, so that the special tax lien securing the repayment of the 1995 Bonds can be discharged, thereby increasing the value of the land in the District that also is located in CFD 93-1; and

WHEREAS, subject to the tender of the 1995 Bonds to the City as described above, the City Council desires to make a determination that the special tax authorized to be levied by the City for CFD 93-1 shall cease to be levied and to direct the recording of a Notice of Cessation of Special Tax Lien (the "Notice of Cessation") with respect to the property in CFD 93-1; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 2025 Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. Findings. The City Council finds (a) that the preceding recitals are true and correct, (b) that the sale of the 2025 Bonds at private sale, without advertising for bids, will result in a lower overall cost to the District, (c) that if the 2025 Bonds are issued and sold in an original aggregate principal amount not to exceed $46,000,000, the value of the parcels of real property within the boundaries of the District which will be subject to the levy of Special Taxes to pay the principal of and interest on the 2025 Bonds, based on the full cash value as shown on the Assessment Roll of the County of Los Angeles will be less than three times such aggregate principal amount and the principal amount of all other outstanding bonds, that are secured by special taxes that are to be levied on such parcels or special assessments that have been levied on such parcels, and (d) the sale of the 2025 Bonds should proceed, notwithstanding the value of the land for the following reasons, (i) the issuance of the 2025 Bonds together with other actions to be taken by the City will permit the cancellation of the 1995 Bonds, (ii) the Facilities to be financed with the 2025 Bonds are needed to allow development to occur in the District in an orderly fashion, and (iii) the 2025 Bonds may only be sold by the Underwriter to one or more Qualified Institutional Buyers each of whom will confirm

in writing that they are fully informed as to matters with respect to the District, the limited obligation of the City and the District to repay the 2025 Bonds, and otherwise with respect to the credit quality of the 2025 Bonds and the owner of the land in the District responsible for paying the Special Taxes to be used to repay the 2025 Bonds

SECTION 2. Issuance of 2025 Bonds; Approval of Fiscal Agent Agreement. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, special tax bonds of the City for the District designated as "City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds" (the "2025 Bonds"), in an aggregate principal amount not to exceed $46,000,000, are hereby authorized to be issued in order to provide financing for the Facilities. The 2025 Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

The City Council hereby approves the Fiscal Agent Agreement in the form presented at this meeting. The Mayor, the City Manager and the Director of Operations (each, a "Designated Officer"), each acting alone, are hereby authorized to execute the Fiscal Agent Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing the Fiscal Agent Agreement upon consultation with the City Attorney and Bond Counsel. The proceeds of the 2025 Bonds shall be applied by the City for the purposes and in the amounts set forth in the Fiscal Agent Agreement. The City Council hereby authorizes the delivery and performance by the City of the Fiscal Agent Agreement.

The City Council finds that the 2025 Bonds, when issued pursuant to the Fiscal Agent Agreement, will be in accordance with the City's Local Goals and Policies for Community Facilities Districts – Residential Property approved by the City Council on May 26, 2004, except with respect to credit quality requirements which requirements are hereby waived by the City Council with respect to the 2025 Bonds for the reasons stated in Section 1 of this Resolution. The City Council hereby further finds and determines that the 2025 Bonds are in compliance with the City's Debt Management Policy, as adopted by the City Council on January 4, 2017

SECTION 3. Purchase Contract. The City Council hereby approves the Purchase Contract in the form presented at this meeting. The Designated Officers, each acting alone, are hereby authorized to accept the offer of the Underwriter to purchase the 2025 Bonds contained in the Purchase Contract; provided that (i) the principal amount of the 2025 Bonds sold thereby is not in excess of $46,000,000, (ii) the true interest cost of the 2025 Bonds is not in excess of 7.00%, and (iii) the Underwriter's discount is not in excess of 1.75% of the principal amount of the 2025 Bonds. The Designated Officers, each acting alone, are hereby authorized to execute and deliver the Purchase Contract in said form (if the requirements of the preceding

sentence are satisfied), with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing such document upon consultation with the City Attorney and Bond Counsel. The City Council hereby authorizes the delivery and performance by the City of the Purchase Contract.

SECTION 4. Preliminary Limited Offering Memorandum. The Preliminary Limited Offering Memorandum in the form presented at this meeting is hereby approved. The Designated Officers are hereby authorized, for and in the name and on behalf of the City, to make changes to the Preliminary Limited Offering Memorandum prior to its dissemination to prospective investors, and to bring the Preliminary Limited Offering Memorandum into the form of a final limited offering memorandum (the "Limited Offering Memorandum"), including in each case such additions thereto or changes therein as are recommended or approved by any such officer upon consultation with the City Attorney and Disclosure Counsel. The City Manager is hereby authorized and directed to execute and deliver the Limited Offering Memorandum. The Underwriter is hereby authorized to distribute copies of the Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the 2025 Bonds and is directed to deliver a copy of the Limited Offering Memorandum to all actual purchasers of the 2025 Bonds.

The Designated Officers, each acting alone, are hereby authorized to execute a certificate or certificates to the effect that the Limited Offering Memorandum and the Preliminary Limited Offering Memorandum were deemed "final" as of their respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, and each Designated Officer is authorized to so deem such statements final.

SECTION 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement in the form appended as Appendix E to the Preliminary Limited Offering Memorandum is hereby approved. The Designated Officers, each acting alone, are hereby authorized, for and in the name of and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in said form, with such additions thereto or changes therein as are deemed necessary, desirable or appropriate by the Designated Officer executing the Continuing Disclosure Agreement upon consultation with the City Attorney and Disclosure Counsel, the approval of such changes to be conclusively evidenced by the execution and delivery by a Designated Officer of the Continuing Disclosure Agreement. The City Council hereby authorizes the delivery and performance by the City of the Continuing Disclosure Agreement.

SECTION 6. Delivery of the 2025 Bonds. The 2025 Bonds, when executed, shall be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby requested and directed to authenticate the 2025 Bonds by executing the Fiscal Agent's certificate of authentication and registration appearing thereon, and to deliver the 2025 Bonds, when duly executed and authenticated, to the Underwriter in accordance with

written instructions executed on behalf of the City by the City Manager or the Director of Operations which instructions such officers, each acting alone, are hereby authorized, for and in the name and on behalf of the City, to execute and deliver to the Fiscal Agent. Such instructions shall provide for the delivery of the 2025 Bonds to the Underwriter in accordance with the Purchase Contract upon payment of the purchase price therefor.

SECTION 7. Fiscal Agent for 2025 Bonds. U.S. Bank Trust Company, National Association, is hereby designated to act as the Fiscal Agent and to perform the actions and duties required of the Fiscal Agent under the Fiscal Agent Agreement, including those for the authentication, transfer, registration, and payment of the 2025 Bonds. The City Manager or the Director of Operations, each acting alone, are hereby authorized to enter into an agreement with the Fiscal Agent for its services as the Fiscal Agent under the Fiscal Agent Agreement.

SECTION 8. Foreclosure Covenant. The City hereby covenants, for the benefit of the 2025 Bondowners, to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the 2025 Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

SECTION 9. Actions for CFD 93-1. The City Council, in its capacity as the legislative body for CFD 93-1, hereby determines that, upon the tender of all of the outstanding 1995 Bonds to the Director of Operations of the City for cancellation without further payment of debt service on the 1995 Bonds, the special tax authorized to be levied by the City for CFD 93-1 shall cease to be levied on property in CFD 93-1. The City Council hereby approves the form of Notice of Cessation attached as Exhibit B to this Resolution, and hereby authorizes and directs the City Clerk to record the Notice of Cessation in such form in the Los Angeles County Recorder's Office following such tender of the 1995 Bonds to the City.

SECTION 10. Official Actions. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the 2025 Bonds are hereby approved, confirmed and ratified, and the proper officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2025 Bonds in accordance with this Resolution, and any certificate, agreement, and other document described in the documents herein approved.

SECTION 11. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 20th day of November, 2024.

Approved as to form:

_____
William P. Curley, III
City Attorney

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 20th day of November, 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Underwriter which has been represented to have been provided in good faith:

(A) True Interest Cost of the 2025 Bonds: 6.134%

(B) Finance Charges of the 2025 Bonds: $808,000

(C) Net Proceeds of the 2025 Bonds to be Received: $28,495,000 (net of Finance Charges, reserves and capitalized interest)

(D) Total Payment Amount through Maturity (sum of all 2025 Bond net debt service): $88,460,000

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on November 4, 2024.

The principal amount of the 2025 Bonds, the true interest cost of the 2025 Bonds, 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 2025 Bonds being different than the date used for purposes of such estimates, (b) the actual principal amount of 2025 Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual principal amortization of the 2025 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates on the 2025 Bonds at the time of sale of the 2025 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the 2025 Bonds and the actual principal amount of the 2025 Bonds sold will be determined based on the timing of the need for proceeds of the 2025 Bonds and other factors. The actual interest rates on the 2025 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the principal of the 2025 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 City.

EXHIBIT B

NOTICE OF CESSATION OF SPECIAL TAX

RECORDING REQUESTED BY

THE CITY OF PALMDALE

WHEN RECORDED MAIL TO:

CITY OF PALMDALE
OFFICE OF THE CITY CLERK
38300 SIERRA HIGHWAY, SUITE C
PALMDALE, CA 93550

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

THIS DOCUMENT IS EXEMPT FROM DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE REVENUE & TAXATION CODE.
THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE GOVERNMENT CODE.

TITLE(S)

NOTICE OF CESSATION OF SPECIAL TAX

EXHIBIT B

RECORDING REQUESTED BY:
City Clerk, City of Palmdale
38300 Sierra Highway Suite C
Palmdale, California 93550

WHEN RECORDED RETURN TO:
RdR Development Holdings, LLC
2121 North Pearl Street, Suite 600
Dallas, Texas 75201
Attention: General Counsel

NOTICE OF CESSATION OF SPECIAL TAX

CITY OF PALMDALE

COMMUNITY FACILITIES DISTRICT NO. 93-1

(RITTER RANCH)

1. The City of Palmdale (the "City"), County of Los Angeles, State of California, with respect to the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch) (the "District"), hereby gives notice that:

2. On November 20, 2024, the City Council of the City, acting as the legislative body of the District, adopted a resolution determining that special taxes shall cease to be levied for the District on the property in the District, which property consists of the Los Angeles County Assessor's Parcels identified in Attachment A hereto (collectively, the "District Parcels") and directed the City Clerk to record this Notice of Cessation of Special Tax in the Office of the Los Angeles County Recorder.

3. The obligation of the District Parcels to pay the special taxes authorized to be levied on property in the District has ceased and the lien imposed by the Amended and Restated Notice of Special Tax Lien recorded on March 27, 2014 as document no. 20140311807 in the records of the County Recorder of Los Angeles County, State of California, as amended by the First Amendment to Notice of Special Tax Lien recorded on September 21, 2016 as document no. 20161148547 in the records of the County Recorder of Los Angeles County, State of California, is extinguished as to the District Parcels.

4. The map of the boundaries of the District was recorded in Book 179 of Maps of Assessment and Community Facilities Districts at Page 79, in the office of the County Recorder for the County of Los Angeles, State of California.

Dated:_____, 2024 By: _____
City Clerk,
City of Palmdale

ATTACHMENT A

CITY OF PALMDALE

COMMUNITY FACILITIES DISTRICT NO. 93-1

(RITTER RANCH)

LOS ANGELES COUNTY ASSESSOR'S PARCEL NUMBERS AND OWNER OF LAND OF DISTRICT PARCELS

Los Angeles County Assessor's Parcel Nos.	Owners of Parcels
3205-002-028	RDR DEVELOPMENT HOLDINGS LLC
3205-002-051	RDR DEVELOPMENT HOLDINGS LLC
3205-002-053	RDR DEVELOPMENT HOLDINGS LLC
3206-005-008	RDR DEVELOPMENT HOLDINGS LLC
3206-006-016	RDR DEVELOPMENT HOLDINGS LLC
3206-006-028	RDR DEVELOPMENT HOLDINGS LLC
3206-007-001	RDR DEVELOPMENT HOLDINGS LLC
3206-007-002	RDR DEVELOPMENT HOLDINGS LLC
3206-008-012	RDR DEVELOPMENT HOLDINGS LLC
3206-009-014	RDR DEVELOPMENT HOLDINGS LLC
3206-010-011	RDR DEVELOPMENT HOLDINGS LLC
3206-016-008	RDR DEVELOPMENT HOLDINGS LLC
3206-017-009	RDR DEVELOPMENT HOLDINGS LLC
3206-018-014	RDR DEVELOPMENT HOLDINGS LLC
3206-018-033	RDR DEVELOPMENT HOLDINGS LLC
3206-020-010	RDR DEVELOPMENT HOLDINGS LLC
3206-020-017	RDR DEVELOPMENT HOLDINGS LLC
3206-021-002	RDR DEVELOPMENT HOLDINGS LLC
3206-021-005	RDR DEVELOPMENT HOLDINGS LLC
3206-022-001	RDR DEVELOPMENT HOLDINGS LLC
3206-025-001	RDR DEVELOPMENT HOLDINGS LLC
3206-025-002	RDR DEVELOPMENT HOLDINGS LLC
3206-026-003	RDR DEVELOPMENT HOLDINGS LLC
3206-026-004	RDR DEVELOPMENT HOLDINGS LLC
3206-026-005	RDR DEVELOPMENT HOLDINGS LLC
3206-026-006	RDR DEVELOPMENT HOLDINGS LLC
3206-026-007	RDR DEVELOPMENT HOLDINGS LLC

Los Angeles County Assessor's Parcel Nos.	Owners of Parcels
3206-026-008	RDR DEVELOPMENT HOLDINGS LLC
3206-026-009	RDR DEVELOPMENT HOLDINGS LLC
3206-026-010	RDR DEVELOPMENT HOLDINGS LLC
3206-027-002	RDR DEVELOPMENT HOLDINGS LLC
3206-027-004	RDR DEVELOPMENT HOLDINGS LLC
3206-027-005	RDR DEVELOPMENT HOLDINGS LLC
3206-027-006	RDR DEVELOPMENT HOLDINGS LLC
3206-027-007	RDR DEVELOPMENT HOLDINGS LLC
3206-027-008	RDR DEVELOPMENT HOLDINGS LLC
3206-027-009	RDR DEVELOPMENT HOLDINGS LLC
3206-027-010	RDR DEVELOPMENT HOLDINGS LLC
3206-027-012	RDR DEVELOPMENT HOLDINGS LLC
3206-027-800	SOUTHERN CALIFORNIA EDISON COMPANY
3206-011-901	STATE OF CALIF
3206-014-900	STATE OF CALIF
3206-015-900	STATE OF CALIF
3216-002-900	STATE OF CALIF
3216-002-901	STATE OF CALIF
3216-002-902	STATE OF CALIF
3216-002-903	STATE OF CALIF
3217-002-901	STATE OF CALIF
3217-002-902	STATE OF CALIF
3206-014-010	STELO INVESTMENTS LLC AND & BRANSON SNIDER LLC

FISCAL AGENT AGREEMENT
(A-9125)

by and between

CITY OF PALMDALE, CALIFORNIA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

dated as of February 1, 2025

relating to:
$_____
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
2025 Special Tax Bonds

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT NO. A-9125 (the "Agreement"), dated as of February 1, 2025, is by and between the City of Palmdale, California, a municipal corporation and chartered city organized and existing under its charter and the laws of the State of California (the "City"), for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), and U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

RECITALS:

WHEREAS, the City Council of the City (the "City Council") has formed the District under the provisions of the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the "Law") and Resolution No. CC 2022-109 of the City Council adopted on October 24, 2022;

WHEREAS, the City Council, as the legislative body with respect to the District, is authorized under the Law to levy special taxes to pay for the costs of facilities eligible to be financed by the District and to authorize the issuance of bonds, including bonds to refund any bonds issued for the District, secured by said special taxes under the Law;

WHEREAS, under the provisions of the Law, on November 20, 2024, the City Council adopted its Resolution No. CC 2024-____ (the "Resolution"), which Resolution, among other matters, authorized the issuance of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "2025 Bonds") to provide funds to finance improvements authorized to be financed by the District, and provided that said issuance would be in accordance with this Agreement, and authorized the execution hereof;

WHEREAS, it is in the public interest and for the benefit of the City, the District and the owners of the 2025 Bonds that the City enter into this Agreement to provide for the issuance of the 2025 Bonds, the disbursement of proceeds of the 2025 Bonds, the disposition of the special taxes securing the 2025 Bonds and the administration and payment of the 2025 Bonds; and

WHEREAS, the City has determined that all things necessary to cause the 2025 Bonds, when authenticated by the City for the District and issued as in the Law, the Resolution and this Agreement provided, to be legal, valid and binding and special obligations of the City for the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the 2025 Bonds, subject to the terms hereof, have in all respects been duly authorized.

AGREEMENT:

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Law and the Resolution.**Agreement for Benefit of Bondowners**. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. Any action by any Owner to enforce the provisions of this Agreement shall be for the equal benefit and protection of all Owners of the Bonds.The Fiscal Agent may become the Owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof."Acquisition Agreement" means the Acquisition Agreement No. A-8174, dated as of November 1, 2022, between the City and RdR Development Holdings, LLC, as amended by Supplement No. 1 to Acquisition Agreement (A-____), dated as of February 1, 2025, between the City and RdR Development Holdings, LLC, and as it may be further amended or supplemented in accordance with its terms.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to Section 6.02, any amounts paid or payable to any persons or entities (including but not limited to any Tax Consultant) employed by the City in connection with the discharge of any of the City's obligations hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes and expenses of the City and/or the District in connection with any bankruptcy proceedings involving parcel(s) in the District with delinquent Special Taxes, and the calculation of amounts subject to rebate to the United States), and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder or in connection with the Bonds and, in the case of the City, in any way related to the administration of the Bonds or the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

"Administrative Expense Fund" means the fund by that name established by Section 3.05(A).

"Affiliate" means, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, another Person. For the purpose of this definition, "control" means having direct or indirect power to direct or cause the direction of the management or policies of a non-natural Person (including the right to veto policy decisions), whether through the ownership of voting interests, by agreement, or otherwise.

"Agreement" means this Fiscal Agent Agreement No. A-9125, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.03(A)(ii) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to Section 2.03(A)(ii)).

"Auditor" means the auditor/controller of the County, as such other official at the County who is responsible for preparing property tax bills.

"Authorized Denominations" means: (a) with respect to the 2025 Bonds: (i) until such time as the requirements of Section 2.06(B)(ii) have been satisfied, $250,000 or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $250,000; and (ii) from and after the requirements of Section 2.06(B)(ii) have been satisfied, $100,000 or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $100,000; and (b) with respect to any series of Parity Bonds, the denominations specified in the Supplemental Agreement providing for the issuance of such series of Parity Bonds.

"Authorized Officer" means the Mayor, the City Manager, the Director of Operations, the Director of Finance, the City Clerk, or any other officer or employee of the City authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means any attorney or other firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund by that name established by Section 4.02(A).

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2025.

"Bonds" means, collectively, the 2025 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under this Agreement or any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Principal Office is located are authorized or obligated by law or executive order to be closed.

"Capitalized Interest Account" means the account by that name established within the Bond Fund pursuant to Section 4.02(A).

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State or any successor agency or bureau thereto.

"CFD 93-1" means the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch).

"CFD 93-1 Funds" means the funds held in the Improvement Fund under the 1995 Fiscal Agent Agreement deposited to the 1995 Account of the Improvement Fund pursuant to the second paragraph of Section 3.02.

"City" means the City of Palmdale, California.

"Closing Date" means_____ , 2025, being the date upon which there is a physical delivery of the 2025 Bonds in exchange for the amount representing the purchase price of the 2025 Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2025 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2025 Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of _____, 2024, executed by the City and NBS as the initial Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the 2025 Bonds which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent's counsel, expenses incurred by the City in connection with the issuance of the 2025 Bonds and the transfer of the CFD 93-1 Funds to the Fiscal Agent, special tax consultant fees and expenses, municipal advisor fees and expenses, Bond (underwriter's) discount, appraisal fees, legal fees and charges including those of bond counsel and disclosure counsel, charges for execution, transportation and safekeeping of the 2025 Bonds and other costs, charges and fees in connection with the foregoing.

"Cost of Issuance Fund" means the fund by that name established by Section 3.06(A).

"County" means the County of Los Angeles, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal (including principal payable by reason of Section 2.03(A)(ii)) on the Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.13.

"District" means the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), formed pursuant to the Law and the Resolution of Formation.

"District Value" means the market value as determined by reference to (i) an appraisal performed within three (3) months of, as applicable, (a) the date of issuance of any proposed Parity Bonds pursuant to Section 2.14, or (b) a change in the transfer restrictions and Authorized Denominations of the 2025 Bonds pursuant to Section 2.06(B)(ii), in each case by an MAI appraiser (the "Appraiser") selected by the City, of the parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, or (ii), in the alternative, as to some or all of the parcels, the assessed value of any such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Director of Operations of the City or any person otherwise acting as the chief financial officer of the City, or such person's written designee.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation, bank or association which may at any time be substituted in its place, as provided in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name established by Section 3.03(A).

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or any Authorized Officer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Law; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, (at http://emma.msrb.org); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing September 1, 2025.

"Law" means the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code.

"Maximum Annual Debt Service" means the largest Annual Debt Service for the then current Bond Year and any Bond Year after the calculation is made through the final scheduled maturity date for any Outstanding Bonds.

"Minimum Administrative Expense Requirement" means (a) for Fiscal Year 2025-2026, $100,000.00; and (b) for each Fiscal Year after Fiscal Year 2025-2026, an amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

"Moodys" means Moody's Investors Service, New York, New York, or its successors.

"1995 Account" means the 1995 Account within the Improvement Fund established pursuant to Section 3.03(A).

"1995 Fiscal Agent Agreement" means the Amended and Restated Fiscal Agent Agreement (A-4261), dated as of March 1, 2014, between the City, for and on behalf of CFD 93-1, and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, as fiscal agent, as amended and in effect on the Closing Date.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means Ordinance No. 1597, adopted by the City Council of the City on October 24, 2022, and any other ordinance of the City levying the Special Taxes.

"Original Purchaser" means the first purchaser of the 2025 Bonds from the City, being Hilltop Securities Inc.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to this Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Parity Bonds" means bonds issued by the City for the District payable and secured on a parity with any then Outstanding Bonds, pursuant to Section 2.14.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise legal investments for funds of the City:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody's or S&P, and which have a maximum term to maturity not to exceed three years.

(c) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, or a state or federal savings and loan association which may include the Fiscal Agent and its affiliates; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation and/or continuously and fully secured by securities described in subdivision (a) or (b) of this definition of Permitted Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(d) Commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody's or S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's or S&P, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to this definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally charted bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars ($100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are

rated Aa2 and "AA" or better, respectively, by Moody's and S&P at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five business days after the financial institution's long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's or S&P from the practice of rating that debt, or reduced below "AA-" by S&P or below "Aa3" by Moody's (these events are called "rating downgrades") the financial institution shall give notice to the City and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the City or the Fiscal Agent to the City or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's or below "A-" by S&P, the Fiscal Agent or the City may, upon not more than five business days' written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State.

(h) Investments in a money market mutual fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's or S&P.

(i) Money market deposit accounts, time deposits and certificates of deposits, issued by commercial banks (including those of the Fiscal Agent, its parent and its affiliates), savings and loan associations or mutual savings banks whose short-term obligations of which are rated on the date of purchase "A-1" or better by S&P and "P-1" by Moody's.

(j) Any other lawful investment for City funds.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities.

"Phase 1 Interim Agreement" means the Phase 1 Interim Agreement – Ritter Ranch Development (A-7796), dated April 20, 2022, among RdR Development Holdings, LLC, PHCC and the City.

"PHCC" means PHCC LLC (d/b/a Preston Hollow Community Capital), a Delaware limited liability company, and any successor thereto.

"Principal Office" means the corporate trust office of the Fiscal Agent as identified pursuant to Section 9.06, or at such other address as the Fiscal Agent may designate from time to

time in accordance with Section 9.06; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the facilities eligible to be funded by the District, as specified by the Resolution of Formation.

"Qualified Institutional Buyer" has the meaning given such term in Rule 144A of the Securities Act.

"Rate and Method of Apportionment" means the Amended and Restated Rate and Method of Apportionment of Special Tax for the District, as approved by proceedings pursuant to Resolution of Consideration, and as it may be amended from time to time in accordance with the provisions of the Law.

"Record Date" means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Registration Books" means the records maintained by the Fiscal Agent pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Reserve Fund" means the fund by that name established pursuant to Section 4.03(A).

"Reserve Requirement" means, as of any date of calculation, an amount equal to one-half of the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service , or (iii) ten percent (10%) of the initial principal amount of the Bonds. The Reserve Requirement as of the Closing Date is $_____.

"Resolution" means Resolution No. CC 2024-002, adopted by the City Council of the City on November 20, 2024, authorizing the issuance of the 2025 Bonds.

"Resolution of Consideration" means Resolution No. CC 2024____, adopted by the City Council of the City on November 6, 2024.

"Resolution of Formation" means Resolution No. CC 2022-109, adopted by the City Council of the City on October 24, 2022.

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"Securities Act" means the United States Securities Act of 1933, as amended and in effect from time to time.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 1SL, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Fund" means the fund by that name established by Section 3.04(A).

"Special Tax Prepayments" means the proceeds of any prepayments of Special Taxes received by the City, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name within the Bond Fund established by Section 4.02(A).

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and 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 Taxes up to the amount of said lien, but shall not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

"Special Taxes" means the special tax levied within the District pursuant to the Law, the Ordinance and this Agreement.

"State" means the State of California.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Law and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Tax Consultant" means NBS, or another independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

"2025 Bonds" means the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds, issued and Outstanding under this Agreement.

ARTICLE II

THE 2025 BONDS

Section 2.01. Principal Amount; Designation. The 2025 Bonds in the aggregate principal amount of _____ Million _____ Hundred Thousand Dollars ($_____) are hereby authorized to be issued by the City for the District under and subject to the terms of the Resolution, this Agreement, the Law and other applicable laws of the State. The 2025 Bonds are hereby designated the "City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds."**Terms of 2025 Bonds**. On the Closing Date, the 2025 Bonds will be issued in fully registered form without coupons in the form of a single 2025 Bond in the principal amount equal to the aggregate principal amount of the 2025 Bonds as stated in Section 2.01. The 2025 Bond initially issued may be exchanged for 2025 Bonds of Authorized Denominations pursuant to Section 2.07.The 2025 Bonds will be dated the Closing Date, will mature on September 1, 2064 and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at a rate of ____% per annum.

Interest on the 2025 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books maintained by the Fiscal Agent as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books maintained by the Fiscal Agent as of the preceding Record Date. Principal of and premium (if any) on any 2025 Bond shall be paid by check upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Principal Office of the Fiscal Agent. The principal of and interest and premium (if any) on the 2025 Bonds shall be payable in lawful money of the United States of America.

Each 2025 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2025, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2025 Bond, interest thereon is in default, such 2025 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

"CUSIP" identification numbers shall be imprinted on the 2025 Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2025 Bonds, and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2025 Bonds, or result in any liability of the City or the Fiscal Agent. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

All 2025 Bonds paid by the Fiscal Agent pursuant to this Article shall be canceled by the Fiscal Agent. The Fiscal Agent shall dispose of the canceled 2025 Bonds in accordance with its then customary procedures and issue a certificate of destruction thereof to the City.

Section 2.03. Redemption.

(A) Redemption Dates.

(i) *Optional Redemption.* The 2025 Bonds are subject to optional redemption prior to their stated maturity at the option of the City on any date occurring on or after September 1, 2035, as a whole, or in part by lot, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(ii) *Mandatory Sinking Payment Redemption*. The 2025 Bonds are subject to mandatory sinking payment redemption in part on September 1, 2027, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (September 1)	Sinking Payments	Redemption Date (September 1)	Sinking Payments
2027	$	2046	$
2028		2047	
2029		2048	
2030		2049	
2031		2050	
2032		2051	
2033		2052	
2034		2053	
2035		2054	
2036		2055	
2037		2056	
2038		2057	
2039		2058	
2040		2059	
2041		2060	
2042		2061	
2043		2062	
2044		2063	
2045		2064 (maturity)	

The amounts in the foregoing table shall be reduced to the extent practicable so as to maintain the same debt service profile for the 2025 Bonds as in effect prior to such redemption, as a result of any prior partial redemption of the 2025 Bonds pursuant to Section 2.03(A)(i) above or Section 2.03(A)(iii) below, as specified in writing by the Finance Director to the Fiscal Agent.

(iii) Mandatory Redemption From Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant

to clause (iii) of the second paragraph of Section 3.04(A) and Section 4.03(F), respectively, shall be used to redeem 2025 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(E), by lot, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, together with accrued interest to the date fixed for redemption, and a premium (expressed as a percentage of the principal amount of the 2025 Bonds to be redeemed), as follows:

Redemption Dates	Redemption Premium
any Interest Payment Date to and including March 1, 2033	3%
September 1, 2033 and March 1, 2034	2
September 1, 2034 and March 1, 2035	1
September 1, 2035 and any Interest Payment Date thereafter	0

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem 2025 Bonds pursuant to subsection (A)(i) or (iii) above not less than forty-five (45) days prior to the applicable redemption date, or such lesser number of days as the Fiscal Agent shall allow. No notice need be given by the City to the Fiscal Agent of a redemption of 2025 Bonds pursuant to subsection (A)(ii) above.

(C) Priority of Redemption. Whenever provision is made in this Agreement for the redemption of less than all of the 2025 Bonds pursuant to Section 2.03(A)(i) or (iii), the future sinking payment installments in Section 2.03(A)(ii) shall be reduced as directed in writing by the Finance Director (who shall reduce such sinking fund installments so as to maintain as much as practicable substantially the same debt service profile for the 2025 Bonds as in effect prior to such redemption), in any event such 2025 Bonds to be redeemed shall be selected by the Fiscal Agent by lot. For purposes of selection of 2025 Bonds to be redeemed, all 2025 Bonds shall be deemed to be comprised of separate $5,000 portions and such portions shall be treated as separate 2025 Bonds which may be separately redeemed.

(D) Purchase of Bonds in lieu of Redemption. In lieu of redemption under Section 2.03(A) above, moneys in the Bond Fund or in the Special Tax Prepayments Account may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2025 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2025 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2025 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

(E) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services (or by such other means as permitted by such services), and to the respective registered Owners of any 2025 Bonds designated for redemption, at their addresses appearing on the Registration Books in the Principal

Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2025 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding 2025 Bonds are to be called for redemption, shall designate the CUSIP numbers and bond numbers of the 2025 Bonds to be redeemed by giving the individual CUSIP number and bond number of each 2025 Bond to be redeemed or shall state that all 2025 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the 2025 Bonds of one or more maturities have been called for redemption, shall state as to any 2025 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2025 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2025 Bonds will not accrue after the redemption date.

Notwithstanding the foregoing, in the case of any redemption of the 2025 Bonds under Section 2.03(A)(i) above, the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2025 Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2025 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2025 Bonds to be redeemed, the Fiscal Agent shall send written notice to the owners of the 2025 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2025 Bonds for which notice of redemption was given shall remain Outstanding for all purposes of this Agreement.

Upon the payment of the redemption price of 2025 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying the 2025 Bonds being redeemed with the proceeds of such check or other transfer.

Upon surrender of 2025 Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new 2025 Bond or 2025 Bonds, of the same maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the 2025 Bond or 2025 Bonds.

(F) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2025 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2025 Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date.

All 2025 Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall dispose of the

canceled Bonds in accordance with its then customary procedures and issue a certificate of destruction thereof to the City.

(G) Redemption of Parity Bonds. Redemption provisions, if any, pertaining to any Parity Bonds shall be set forth in the Supplemental Agreement providing for such Parity Bonds.

Section 2.04. Form of 2025 Bonds. The 2025 Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Law.**Execution of Bonds**. The Bonds shall be executed on behalf of the City by the facsimile signatures of the Mayor of the City and the City Clerk who are in office on the date of adoption of this Agreement or at any time thereafter, and the seal of the City shall be impressed, imprinted or reproduced by facsimile signature thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.Only such 2025 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A executed manually and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the 2025 Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer of Bonds. (A) Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City from any lawfully available funds of the District, including but not limited to amounts in the Administrative Expense Fund. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.Notwithstanding any other provision of this Agreement, no transfers of the 2025 Bonds shall occur unless the following conditions, as applicable, have been satisfied:

(i) Until such time as an Authorized Officer has certified in writing to the Fiscal Agent that the requirements set forth in Section 2.06(B)(ii) have been met, the 2025 Bonds may only be transferred: (a) in denominations of $250,000 principal amount or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $250,000; (b) to a transferee that has provided to the City and the Fiscal Agent a certificate substantially in the form of the Investor's Letter in Exhibit B hereto; and (c) to a

transferee that is a Qualified Institutional Buyer, as represented in paragraph 1 of the Investor's Letter.

Notwithstanding the foregoing, the foregoing provisions of clauses (b) and (c) shall not apply to transfers to or from (x) PHCC, (y) an Affiliate of PHCC, or (z) a trust or other custodial arrangement established by PHCC or an Affiliate thereof (such as a tender option bond trust or similar securitization vehicle) pursuant to which 2025 Bonds owned by PHCC or an Affiliate thereof are held, the beneficiaries of which trust or other custodial arrangement are required to be Qualified Institutional Buyers.

(ii) From and after the date on which an Authorized Officer has certified in writing to the Fiscal Agent that (a) the then District Value to Outstanding principal of the Bonds is at least 3:1 as certified by an Independent Financial Consultant, (b) all City land use entitlements and necessary zoning for the development of at least 1,180 single family homes in the District, as required by applicable City ordinances and rules and regulations, have been obtained; and (c) RdR Development Holdings, LLC is current in any reporting requirements under any continuing disclosure obligation entered into by it on the Closing Date related to its activities in the District (the Finance Director may rely on a certificate of the dissemination agent under such obligation as to the foregoing); then the 2025 Bonds may be transferred: (x) in denominations of $100,000 principal amount or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $100,000; and (y) the transferee must be a Qualified Institutional Buyer, or an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

(C) Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of the same series and maturity, for like aggregate principal amount.

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

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of Authorized Denominations of the same series and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.No exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.08. Registration Books. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall

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

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under to this Agreement as definitive Bonds authenticated and delivered hereunder.**Bonds Mutilated, Lost, Destroyed or Stolen**. If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like series and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled and disposed of by the Fiscal Agent in accordance with its then customary procedures.If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall be special obligations of the City, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. Neither the faith and credit nor the taxing power of the City (except with respect to the levy of Special Taxes in the District, to the limited extent set forth herein) or the State or any political subdivision thereof is pledged to the payment of the

Bonds.**No Acceleration**. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.03, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03.**Book-Entry Only System**. DTC shall act as the initial Depository for the 2025 Bonds. One 2025 Bond for each maturity of the 2025 Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in printed or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the 2025 Bonds shall be registered in the Registration Books kept by the Fiscal Agent for the Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.The representatives of the City and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the 2025 Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Registration Books in the name of Cede & Co., as nominee of DTC, neither the City nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds; except that so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of $1,000,000 or more in aggregate principal amount of any series of Bonds who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Fiscal Agent shall be provided with all notices relating to such Bonds by the Fiscal Agent.

Except as set forth above, the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent shall pay all principal of and interest on the Bonds only to or upon the order of the Owners as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Registration Books, shall receive a physical Bond. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06, references to "Cede & Co." in this Section 2.13 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the v2025 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2025 Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the 2025 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2025 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the 2025 Bonds that they be able to obtain certificated Bonds, the 2025 Bonds shall no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the 2025 Bonds will be delivered to such Beneficial Owners as soon as practicable.

Section 2.14. Issuance of Parity Bonds. The City may issue one or more series of Parity Bonds, in addition to the 2025 Bonds authorized under Section 2.01, by means of a Supplemental Agreement and without the consent of any Bondowners, upon compliance with the provisions of this Section 2.14. Any such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The City may issue Parity Bonds subject to the following specific conditions precedent:Current Compliance. The City shall be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in this Agreement and all Supplemental Agreements.

(B) Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) Funds and Accounts; Reserve Fund Deposit. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and for a deposit to the Reserve Fund in an amount, if any, necessary so that the amount on deposit in the Reserve Fund following the issuance of such Parity Bonds is equal to the Reserve Requirement.

(D) Aggregate Value-to-Lien Ratio. From and after the conditions listed in clauses (a) through (d) of subsection (ii) of Section 2.06(B) with respect to the transfer of 2025 Bonds have been satisfied, the District Value shall be at least three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate

principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) The Special Tax Coverage. The City shall obtain a certificate of a Tax Consultant to the effect that (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year is at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds then Outstanding and the proposed Parity Bonds plus estimated Administrative Expenses for each such Fiscal Year, and (ii) based upon the Special Taxes that may be levied under the Rate and Method of Apportionment of the Special Taxes for the District, the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds is not less than the principal amount of the Bonds then Outstanding and such Parity Bonds.

(F) Officer's Certificate. The City shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C), (D) (if applicable) and (E) of this Section 2.14 have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clauses (D) and (E) above, and without limitation on the number of series of such Refunding Bonds; and, in connection therewith, the Officer's Certificate in clause (F) above need not make reference to said clauses (D) and (E).

Nothing in this Section 2.14 shall prohibit the City from issuing bonds or otherwise incurring debt for the District secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under Section 4.01 of this Agreement.

ARTICLE III

ISSUANCE OF 2025 BONDS

Section 3.01. Issuance and Delivery of 2025 Bonds. At any time after the execution of this Agreement, the City may issue the 2025 Bonds for the District in the aggregate principal amount set forth in Section 2.01 and deliver the 2025 Bonds to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the 2025 Bonds in accordance with the provisions of the Law, the Resolution and this Agreement, to authorize the payment of Costs of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the 2025 Bonds to the Original Purchaser.**Application of Proceeds of Sale of 2025 Bonds and CFD 93-1 Funds**. The proceeds of the purchase of the 2025 Bonds by the Original Purchaser (being $_____) shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:Deposit in the Reserve Fund $_____.

(B) Deposit in the Costs of Issuance Fund $_____.

(C) Deposit in the Capitalized Interest Account $_____.

(D) Deposited to the Improvement Fund $_____.

(E) Deposit to the Administrative Expense Fund $_____.

In addition to the foregoing, the Fiscal Agent, in its capacity as the Fiscal Agent under the 1995 Fiscal Agent Agreement, shall transfer the CFD 93-1 Funds to the 1995 Account of the Improvement Fund.

The Fiscal Agent may establish a temporary fund or account in its records to facilitate any of the deposits or transfers referred to in this Section 3.02.

Section 3.03. Improvement Fund.

(A) Establishment of Improvement Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Improvement Fund, and within the Improvement Fund a 1995 Account. Deposits shall be made to the Improvement Fund pursuant to Section 3.02(D), clauses (iii)(a) of the second paragraph of Section 3.04(A), and Section 3.06(B); and shall be made to the 1995 Account pursuant to the second paragraph of Section 3.02. Moneys in the Improvement Fund and the 1995 Account shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed, except as otherwise provided in subsection (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursements. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and

(ii) certify that the disbursement is for amounts owing by the City under the Acquisition Agreement or otherwise for a purpose eligible to be funded with the amount to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursement.

The Fiscal Agent, in making disbursements from the Improvement Fund, shall first use any amounts deposited therein pursuant to Section 3.02(D), and then pursuant to Section 3.06(B) in each case including any investment earnings on such amounts, before using amounts deposited to the Improvement Fund pursuant to clause (iii)(a) of the second paragraph of Section 3.04(A) and any investment earnings thereon.

Disbursements shall be made by the Fiscal Agent from the 1995 Account upon receipt of an Officer's Certificate which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and

(ii) certify that the disbursement is pursuant to and in accordance with the provisions of the Phase 1 Interim Agreement, and that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursements.

For purposes of complying with the foregoing paragraphs, the Fiscal Agent may conclusively rely and shall be protected in acting upon an Officer's Certificate provided to it by the City.

(C) Investment. Moneys in the Improvement Fund and the 1995 Account shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits from the investment of amounts in the Improvement Fund and the 1995 Account shall be retained in the Improvement Fund and the 1995 Account, respectively, to be used for the purposes thereof.

(D) Closing of Fund and Account. Upon the filing of an Officer's Certificate stating that the portion of the Project to be financed and any other expenses to be paid from the Improvement Fund have been completed and paid, respectively, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with Section 4.02, and the Improvement Fund shall be closed.

Upon the filing of an Officer's Certificate stating that the work described in Exhibit 1, Exhibit 2 and Exhibit 3 to the Phase 1 Interim Agreement has been completed and paid for, the

Fiscal Agent shall transfer the amount, if any, remaining in the 1995 Account to the City to be used by the City for costs related to CFD 93-1, or otherwise authorized to be funded by CFD 93-1.

Section 3.04. Special Tax Fund.

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Special Tax Fund. There shall be deposited to the Special Tax Fund all Special Tax Revenues received by the City, which the City hereby agrees to transfer, as soon as practicable following receipt by the City, to the Fiscal Agent. In addition, the Fiscal Agent shall deposit in the Special Tax Fund amounts to be transferred thereto pursuant to Section 3.05(B).

Notwithstanding the foregoing,

(i) with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year; first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City (and the City shall so use such amount to pay Administrative Expenses); and second, any remaining portion of such amount shall be separately identified by the City and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the City and shall be deposited by the Fiscal Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to the Special Tax Fund for use as described in Section 3.04(B) below; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the City and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the CFD Public Facilities Costs (as defined in Section I of the Rate and Method of Apportionment) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to Section 3.03(D), and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.02(A).

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

(B) Disbursements. From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date or date for optional redemption of the Bonds, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Special Tax Fund, the Reserve Fund, the Special Tax Prepayments Account and the Capitalized Interest Account to the Bond Fund pursuant to Sections 3.03(D), 3.04(A)(ii), 4.03(C), (E), (F) and (G), and 4.02(B)(ii) and (iii), such that the amount in the Bond Fund equals the principal (including any sinking payment, or principal due pursuant to optional or special tax prepayment redemptions), premium, if any, and interest due on the Bonds on the next Interest Payment Date or date of optional redemption of the Bonds, as applicable, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make transfers to the Bond Fund and the Reserve Fund referred to in the prior paragraph, to the Administrative Expense Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

(C) Investment. Moneys in the Special Tax Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Special Tax Fund shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 3.05. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Administrative Expense Fund, to the credit of which deposits shall be made as required by Section 3.02(E), clause (i) of the second paragraph of Section 3.04(A) and Section 3.04(B). Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense.

Annually, on the last day of each Fiscal Year commencing with the last day of Fiscal Year 2025-26, the Fiscal Agent shall withdraw any amounts then remaining in the Administrative Expense Fund in excess of $25,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained in the Administrative Expense Fund to be used for the purposes of such fund.

Section 3.06. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 3.02(B). Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2025 Bonds. The Fiscal Agent shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Cost of Issuance Fund for a period of 90 days from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Improvement Fund, and following such transfer the Fiscal Agent shall close the Cost of Issuance Fund.

(C) Investment. Moneys in the Cost of Issuance Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Cost of Issuance Fund to be used for the purposes of such fund.

Section 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the performance by any person of such person's obligation with respect to the Project.

ARTICLE IV

SPECIAL TAX REVENUES; BOND FUND AND RESERVE FUND

Section 4.01. Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to clause (i) of the second paragraph of Section 3.04(A)) and all moneys deposited in the Bond Fund (including the Capitalized Interest Account therein), the Reserve Fund and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.Amounts in the Improvement Fund and the 1995 Account therein, the Administrative Expense Fund, the Costs of Issuance Fund and the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to clause (i) of the second paragraph of Section 3.04(A) or deposited to the Improvement Fund pursuant to clauses (iii)(a) of the second paragraph of Section 3.04(A), are not pledged to the repayment of the Bonds. The facilities financed by the District are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the District are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 4.02. Bond Fund.

(A) Establishment of Bond Fund, Capitalized Interest Account and Special Tax Prepayments Account. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Bond Fund, to the credit of which deposits shall be made as required by the first subclause of clause (ii) of the second paragraph of Section 3.04(A), Section 3.04(B), and Section 4.03, and any other amounts required to be deposited therein by this Agreement or the Law. There are also hereby created in the Bond Fund separate accounts held by the Fiscal Agent, consisting of (i) the Capitalized Interest Account, to the credit of which a deposit shall be as provided in Section 3.02(C), and (ii) the Special Tax Prepayments Account to the credit of which deposits shall be made as required by clause (iii) of the second paragraph of Section 3.04(A). Moneys in the Bond Fund and the accounts therein shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. (i) Bond Fund Disbursements. On each Interest Payment Date and on each date of optional redemption of the Bonds, and following any transfers required pursuant to Sections 3.03(D), 3.04(B), 4.02(B)(ii) , 4.02 (B)(iii) and 4.03(C), (E), (F) and (G) in connection with such Interest Payment Date or optional redemption date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds,

including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the Bonds required by Section 2.03(A)(i) or (iii), such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to clause (ii) of the second paragraph of Section 3.04(A) shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.02(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds including principal due by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(i) Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds under Section 2.03(A)(iii) can timely be given by the Fiscal Agent under Section 2.03(E), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(ii) Capitalized Interest Account Disbursements. Moneys in the Capitalized Interest Account shall be transferred to the Bond Fund (a) on the Business Day prior to March 1, 2025, September 1, 2025, March 1, 2026 and September 1, 2026 in the amount necessary to pay the Debt Service due on the 2025 Bonds on each immediately succeeding Interest Payment Date, and (b) on the Business Day prior to March 1, 2027, any then remaining amount in the Capitalized Interest Account. When no amounts remain on deposit in the Capitalized Interest Account, the Capitalized Interest Account shall be closed.

(C) Investment. Moneys in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account shall be retained in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for the purposes of such fund and accounts as applicable.

Section 4.03. Reserve Fund.

(A) Establishment of Reserve Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) Reserve Fund, to the credit of which a deposit shall be made as required by Section 3.02(A), which deposit is equal to the Reserve Requirement as of the Closing Date, and deposits shall be made as provided in Section 2.14(C), subclause second of clause (ii) of the second paragraph of Section 3.04(A), and Section 3.04(B). Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund.

(C) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the City of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.02.

(D) Transfer for Rebate Purposes. Amounts in the Reserve Fund shall be withdrawn, at the written request of an Authorized Officer, for purposes of making payment to the federal government to comply with Section 6.02.

(E) Transfer When Balance Exceeds Outstanding Bonds. 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 Fiscal Agent shall transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date for which notice of redemption can timely be given to the payment and redemption, in accordance with Section 4.02 or 2.03, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose under the Law.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation, pursuant to Section 6.02, of any amounts due to the federal government following payment of the Bonds and withdrawal of any such amount under Section 4.03(D) for purposes of making such

payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) and 4.02(B)(ii), an amount equal to the "Reserve Fund Credit," as described in and computed pursuant to Section I of the Rate and Method of Apportionment (as such amount is confirmed by the Finance Director to the Fiscal Agent) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(iii).

(G) Investment. Moneys in the Reserve Fund shall be invested in accordance with Section 6.01. One Business Day before each Interest Payment Date, interest earnings and profits resulting from said investment shall be transferred by the Fiscal Agent to the Bond Fund to be used by the Fiscal Agent for the purposes of such fund, but any such transfer shall be made only to the extent that following such transfer the amount on deposit in the Reserve Fund equals the then Reserve Requirement.

ARTICLE V

OTHER COVENANTS OF THE CITY

Section 5.01. Punctual Payment. The City will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.**Limited Obligation**. The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and the Special Tax Fund created hereunder.**Extension of Time for Payment**. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.**Against Encumbrances**. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.**Books and Records**. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during City business hours and following reasonable prior written notice be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.**Protection of Security and Rights of Owners**. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.**Compliance with Law**. The City will comply with all applicable provisions of the Law in administering the District; provided that the City shall have no obligation to advance any of its own funds for any purpose whatsoever under this Agreement.**Continuing Disclosure**. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default on the Bonds or a breach of any other provision of this Agreement; however the Participating Underwriter or any 2025 Bondholder may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.**Federal Guarantee Prohibition**. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2025 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.**Collection of Special Tax Revenues**. The City shall comply with all requirements of the Law so as to assure the timely collection of Special Tax

Revenues, including without limitation, the enforcement of delinquent Special Taxes.On or about July 1 of each year, the Fiscal Agent shall provide the Finance Director with a notice stating the amounts then on deposit in the Bond Fund and the accounts therein and the Reserve Fund. The receipt of such notice by the Finance Director shall in no way affect the obligations of the City under the following three paragraphs. Upon receipt of such notice, the Finance Director shall communicate with the Auditor or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. In computing the amount of Special Taxes to be levied, the City shall take into account funds available in the Bond Fund and the accounts therein and the Special Tax Fund to make the payment of debt service on the Bonds due on the Interest Payment Dates occurring in the next calendar year, along with any transfers of investment earnings pursuant to Sections 4.03(C) or 4.03(G) to the Bond Fund expected to occur on such Interest Payment Date.

The City shall effect the levy of the Special Taxes from time to time during each Fiscal Year in accordance with the Ordinance and the Rate and Method of Apportionment. Specifically, the City shall compute the amount of Special Taxes to be so levied each Fiscal Year before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured or unsecured, as applicable, real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall 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 Taxes on the next real property tax roll. The Special Taxes so levied shall be payable and be collected in the same manner and at the same time and in the same installment as the taxes on property levied on the tax roll are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general ad valorem taxes levied on the County tax roll.

In the event that the City determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners within the District, and to the extent permitted by the Ordinance, the City shall, not less than forty-five (45) days prior to the first Interest Payment Date for which the levy is being made, send bills to the property owners in the District for Special Taxes necessary to meet the financial obligations of the District due on the Interest Payment Dates for which the levy is being made, said bills to specify that the amounts so levied shall be due and payable in two equal installments with each installment due not less than thirty (30) days prior to the related Interest Payment Date and each installment shall be delinquent if not paid when due.

In any event, the City shall fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on any Outstanding Bonds becoming due and payable, including any necessary replenishment of the Reserve Fund to the amount of the then Reserve Requirement and an amount estimated to be sufficient to pay the Administrative Expenses, and shall take into account any prepayments of Special Taxes theretofore received by the City. The Special Taxes so levied shall not exceed the maximum amounts as provided in the Rate and Method of Apportionment.

The Finance Director is hereby authorized to employ consultants to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the Finance Director

(including a charge for City staff time) in conducting its duties hereunder shall be an Administrative Expense hereunder.

Section 5.11. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.**No Arbitrage**. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2025 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2025 Bonds would have caused the 2025 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.**Maintenance of Tax-Exemption**. The City shall take all actions necessary to assure the exclusion of interest on the 2025 Bonds from the gross income of the owners of the 2025 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2025 Bonds.**Covenant to Foreclose**. The City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The Finance Director shall notify legal counsel of any such delinquency of which it is aware, and such legal counsel shall commence, or cause to be commenced, such proceedings.On or about August 15 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City; and:

(A) Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the greater of (i) the aggregate amount of $5,000 or more, or (ii) the payment of four or more installments of Special Taxes levied on such parcel, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured), foreclosure proceedings shall be commenced by the City against the delinquent parcel within 90 days of such determination and shall be diligently pursued by the City to completion.

(B) Aggregate Delinquencies. If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Finance Director shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and the City shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

Notwithstanding the foregoing, the Finance Director may defer any mailing of notices of delinquency or foreclosure action if the amount in the Reserve Fund is at least equal to the Reserve Requirement.

The Finance Director is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

Section 5.15. No Additional Bonds. Except as expressly permitted by Section 2.14, the City shall not issue any additional bonds or incur any other obligation secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under Section 4.01; or (B) any amounts in any funds or accounts established hereunder.

Section 5.16. Yield of the 2025 Bonds. In determining the yield of the 2025 Bonds to comply with Section 5.12 and 6.02, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2025 Bonds, without regard to whether or not prepayments are received or 2025 Bonds redeemed.**Private Activity Bond Limitation**. The City shall assure that the proceeds of the 2025 Bonds are not so used as to cause the 2025 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.**Reduction of Special Taxes**. The City covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.**State Reporting Requirements**. The following requirements shall apply to the 2025 Bonds, in addition to those requirements under Section 5.17:Annual Reporting. Not later than October 30 of each calendar year, beginning October 30, 2025, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the City shall cause the information required by California Government Code Section 53359.5(b) to be supplied to CDIAC. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

No later than January 31 of each calendar year, commencing January 31, 2025, the City shall provide to CDIAC the annual report information required by Section 8855(k)(1) of the California Government Code. Such annual report shall be made using such form or forms as may be prescribed by CDIAC.

Additionally, no later than January 31 of each calendar year, commencing January 31, 2026, the City shall provide to the California State Controller, Division of Accounting and Reporting, the annual report information required by Section 12463.2 of the California Government Code.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the City of such failure or withdrawal in writing. The City shall notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or

withdrawal, and the City shall provide notice under the Continuing Disclosure Agreement of such event as required thereunder.

(C) Special Tax Reporting. The Finance Director shall file, or cause to be filed, a report with the City no later than January 1, 2026, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the District, (ii) the amount of Bond proceeds collected and expended with respect to the District, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected in the District will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of this Section 5.19 shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the California Government Code, or Section 8855(k)(1) or Section 12463.2 of the California Government Code, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Agreement. The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the City and its officers, agents and employees (including but not limited to the Finance Director), or the Fiscal Agent, shall be liable for any inadvertent error in reporting the information required by this Section 5.19.

The Finance Director shall provide, or cause to be provided, copies of any reports prepared pursuant to this Section 5.19 to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of this Section 5.19 shall include any beneficial owner of the Bonds.

Section 5.20. Limits on Special Tax Waivers and Bond Tenders. The City covenants not to exercise any rights it may have under the Law to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds. The City further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.**City Bid at Foreclosure Sale**. The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly

agrees to take the property subject to the lien for Special Taxes imposed by the District and that the Special Taxes levied on the property are payable while the City owns the property.

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate shall contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required hereunder, and which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.Moneys in any fund or account created or established by this Agreement and held by the City shall be invested by the City in any lawful investments that the City may make or in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or the Finance Director may act as principal or agent in the acquisition or disposition of any investment, and all investments may be made through the Fiscal Agent's investment department or that of its affiliates. The Fiscal Agent or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for any losses, fees, taxes or other charges arising from any investment actions taken pursuant to this Section.

Except as otherwise provided in the next sentence, the City shall direct or make investments hereunder such that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. The City shall direct or make investments hereunder such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the City.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director hereunder, provided that the Fiscal Agent or the Finance Director, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent shall sell or present for redemption, any investment security 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 investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss, fee, tax, or other charges resulting from the acquisition or disposition of such investment security in accordance herewith.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent hereunder as they occur. The City specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive monthly cash transactions statements which include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the City retains its rights to, upon written request to the Fiscal Agent, receive brokerage confirmation on any investment transaction requested by the City and effected by the Fiscal Agent at no additional cost.

Section 6.02. Rebate of Excess Investment Earnings to the United States. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2025 Bonds.The City shall direct the Fiscal Agent to withdraw such amounts from the Reserve Fund pursuant to Section 4.03(D) as necessary to make any required rebate payments, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments under Section 4.03(D), the City shall make such payment from any amounts available in the Administrative Expense Fund or from any other lawfully available funds of the District. Any fees or expenses incurred by the City under or pursuant to this Section 6.02 shall be Administrative Expenses.

In order to provide for the administration of this Section 6.02, the Finance Director may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Finance Director may deem appropriate and in addition, and without limitation of the provisions of Sections 7.01 and 7.02, the Finance Director may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed hereunder.

The Fiscal Agent may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Fiscal Agent shall have no responsibility to

independently make any calculation or determination or to review the City's calculations hereunder or for the adequacy or accuracy of any rebate report.

Section 6.03. Liability of City. The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, 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.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under this Agreement the City 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, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the appropriate agent or consultant, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.04. Engagement of Agents by City. In order to perform its duties and obligations hereunder, the City and/or the Finance Director may employ such persons or entities

as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. U.S. Bank Trust Company, National Association, at its corporate trust office in Los Angeles, California is hereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.Any corporation, bank or association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company or association shall be eligible under the following paragraph of this Section, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Finance Director written notice of any such succession hereunder.

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank, association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent shall be vested with all rights and powers of its predecessor hereunder without any further act.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Finance Director for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall

assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds. In such event, the Finance Director may designate a successor Fiscal Agent qualified to act as Fiscal Agent hereunder.

Section 7.02. Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.In the absence of negligence or willful misconduct on its part, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The Fiscal Agent may consult with counsel, who may be counsel of or to the City, with regard to legal questions, 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.

In order to perform its duties and obligations hereunder, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of interception and misuse by third parties.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement, unless such Owners shall have offered to the Fiscal Agent security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The permissive rights of the Fiscal Agent enumerated in this Agreement shall not be construed as duties. In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its own fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, fires, floods, pandemics, epidemics, recognized public emergencies, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, war, civil or military disturbances, nuclear or natural catastrophes, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Fiscal Agent's technological infrastructure exceeding authorized access or any similar event and/or occurrences beyond the control of the Fiscal Agent.

Section 7.03. Information; Books and Accounts. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request.The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Improvement Fund, the Special Tax Fund, the Bond Fund, the Special Tax Prepayments Account, the Capitalized Interest Account, the Reserve Fund, the Administrative Expense Fund and the Costs of Issuance Fund. Such books of record and accounts shall upon reasonable prior notice at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties.The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent 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, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time, promptly upon written request, reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, losses, claims, damages, taxes or expenses which it may incur in the exercise and performance of its powers and duties hereunder (including legal fees and expenses) which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement,

but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent, without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Law, the laws of the State or this Agreement), or reduce the percentage of Bonds required for the amendment hereof, without the express consent of the Owners of all of the then Outstanding Bonds. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income, for purposes of federal income taxation, of interest on the 2025 Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to Section 2.14.

The Fiscal Agent shall not be obligated to enter into any such Supplemental Agreement authorized by this Section which materially adversely affects the Fiscal Agent's rights, duties or immunities under this Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and shall be fully protected in relying

upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable requirements of this Section 8.01

Section 8.02. Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.**Procedure for Amendment with Written Consent of Owners**. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. The City or the Fiscal Agent may obtain an opinion of Bond Counsel that such Supplemental Agreement complies with the provisions of this Article VIII, and the City and Fiscal Agent may rely conclusively upon such opinion. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article

VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII. Upon written request, the City shall specify to the Fiscal Agent those Bonds disqualified pursuant to this Section 8.04. The Fiscal Agent may conclusively rely upon such request.**Effect of Supplemental Agreement**. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.**Endorsement or Replacement of Bonds Issued After Amendments**. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.**Amendatory Endorsement of Bonds**. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.**Successor is Deemed Included in All References to Predecessor**. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent 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 Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.**Discharge of Agreement**. The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 4.02 and 4.03 is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel, an Independent Financial Consultant or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Sections 4.02 and 4.03, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to Section 7.05, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent,

which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Law.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of the Bonds and the amount, maturity, number and date of holding the same shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No City Council member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.**Notices to and Demands on City and Fiscal Agent**. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:City of Palmdale

38300 Sierra Highway, Suite D
Palmdale, California 93550
Attention: Director of Finance

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows:

U.S. Bank Trust Company, National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Reference: Palmdale CFD 2022-3 (Ritter Ranch Phase 1 Public Facilities)

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.**Unclaimed Moneys**. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remain unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the City for such payment shall survive only so long as required under applicable law.**Applicable Law**. This Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.**Conflict with Law**. In the event of a conflict between any provision of this Agreement with any provision of the Law as in effect on the Closing Date, the provision of the Law shall prevail over the conflicting provision of this Agreement.**Conclusive Evidence of Regularity**. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Law relative to their issuance and the levy of the Special Taxes.**Payment on Business Day**. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.**Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.**U.S.A. Patriot Act**. The City acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act, the Fiscal Agent, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Fiscal Agent. The City agrees that it will provide the Fiscal Agent with such information as the Fiscal Agent may reasonably request in order for the Fiscal Agent to satisfy requirements of the U.S.A. Patriot Act as specified in a written request to the City that specifies in detail the needed information.**Electronic Transactions**. The transactions described in this Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the City has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of February 1, 2025.

CITY OF PALMDALE, CALIFORNIA for and on behalf of the CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES)

By: _____
Ronda Perez,
City Manager

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2025 BOND

No. _____ $ $ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BOND,

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
_____%	September 1, ____	_____, 2025	

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____DOLLARS

The City of Palmdale, California (the "City"), for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected in the District or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Bond Date shown above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, semiannually on March 1 and September 1, commencing September 1, 2025 (each, an "Interest Payment Date"), at the Interest Rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office of U.S. Bank Trust Company, National Association (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each Interest Payment Date to the Registered Owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs, whether or not such 15th day is a business day (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such Registered Owner in such written request, respectively.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which

event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of $_____ approved by the City Council of the City on March 20, 2024 pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et set. of the California Government Code (the "Law") for the purpose of financing costs of facilities authorized to be funded by the District, and is one of the series of Bonds designated "City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds" (the "Bonds"). The creation of the Bonds and the terms and conditions thereof are provided for the Fiscal Agent Agreement No. A-____, dated as of February 1, 2025, between the City, for and on behalf of the District, and the Fiscal Agent (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. In addition to the Bonds, the Agreement allows for the issuance of Parity Bonds (as defined in the Fiscal Agent Agreement) by the City from time to time, secured by a lien on funds held under the Agreement on a parity with the lien securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the Law and other applicable laws of the State of California.

The Bonds are not general obligations of the City, but are limited obligations payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit nor the taxing power of the City (except to the extent of the Special Tax levy in the District, as set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Pursuant to the Law, and the Agreement, the principal of and interest on this Bond are payable solely from the annual Special Tax authorized under the Law to be collected within the District and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds do not constitute obligations of the City for which said City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The City has covenanted for the benefit of the owners of the Bonds that it will commence and pursue to completion appropriate foreclosure actions in the event of delinquencies of any Special Tax installments levied for payment of principal and interest as more particularly set forth in the Agreement.

The Bonds are subject to optional redemption prior to their stated maturity at the option of the City on any date occurring on or after September 1, 2034, as a whole, or in part by lot, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to mandatory sinking payment redemption in part on September 1, 2026 and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as provided in the Agreement.

The Bonds are also subject to redemption from the proceeds of Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Agreement, on the next Interest Payment Date for which notice of redemption can timely be given under the Agreement, by lot, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, and a premium (expressed as a percentage of the principal amount of the 2025 Bonds to be redeemed), as follows:

Redemption Dates	Redemption Premium
any Interest Payment Date to and including March 1, 2033	3%
September 1, 2033 and March 1, 2034	2
September 1, 2034 and March 1, 2035	1
September 1, 2035 and any Interest Payment Date thereafter	0

Notice of redemption with respect to the Bonds to be optionally redeemed or to be redeemed from special tax prepayments shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. Notices of optional redemption may be conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Fiscal Agent does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of $250,000 or any integral multiple of $5,000 in excess thereof ($100,000 or any integral multiple of $5,000 in excess thereof upon satisfaction of certain requirements in the Agreement); provided that in any event one Bond may be in a principal amount of the portion of the then outstanding principal amount of the Bonds not divisible by $250,000 (by $100,000 upon the satisfaction of certain requirements specified in the Agreement). Subject to the limitations and upon payment of the charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and satisfaction of the applicable requirements of Section 2.06(B) of the Agreement; and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid

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

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the City to make provision for the payment of the interest on, and the principal of the Bonds so that such Bonds will no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by the Law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, City of Palmdale, California, has caused this Bond to be dated the Bond Date shown above, to be signed by the facsimile signature of the Mayor of the City and countersigned by the facsimile signature of the City Clerk.

CITY OF PALMDALE, CALIFORNIA

By: _____
Austin Bishop
Mayor

[S E A L]

Attest:

_____
Rochelle Scott
City Clerk

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement which has been authenticated on.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Fiscal Agent

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, address and Tax identification Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

_____ attorney,

to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated:_____

Signatures 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 Fiscal Agent.

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.

EXHIBIT B
FORM OF INVESTOR LETTER

[date of transfer]

City of Palmdale
Palmdale, California

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

City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
2025 Special Tax Bonds

Ladies and Gentlemen:

In connection with our purchase of the above-referenced bonds (referred to in this letter as the "Bonds") on the date hereof, the undersigned (the "Purchaser") hereby represents and warrants to, and agrees with, the City of Palmdale, California (the "City") and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), as follows:

1. The Purchaser is a qualified institutional buyer, as defined in Rule 144A of the United States Securities Act of 1933 that is purchasing $_____ principal amount of the Bonds. The principal amount being purchased is in an Authorized Denomination, as defined in the Fiscal Agent Agreement (A-9125), dated as of February 1, 2025 (the "Fiscal Agent Agreement"), between the City and the Fiscal Agent pursuant to which the Bonds were issued.

2. The Purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds, and is able to bear the economic risk of that investment.

3. The Purchaser understands that the Bonds are payable solely from the sources pledged therefor in the Fiscal Agent Agreement.

4. The Purchaser has reviewed the Fiscal Agent Agreement, the Rate and Method of Apportionment of Special Taxes applicable to the District, and other documents relating to the Bonds and such other records of the City and information concerning the Bonds and the District as the Purchaser deems necessary in order to be fully informed with respect to the Bonds, the Rate and Method of Apportionment of Special Taxes, the Special Taxes, the District and the property in the District (the "Property"), and, in particular, in the exercise of due diligence the Purchaser has made its own inquiry and analysis with respect to the Rate and Method of Apportionment of Special Taxes; the value of the Property; litigation that could directly or indirectly affect the ability of the owners of land in the District to develop their property; the rights and remedies of the Purchaser in the event of a failure of the City to pay the principal of or the interest on the Bonds;

and all other factors that, in the judgment of the Purchaser, might relate to the security for and value of the Bonds.

5. The Purchaser has been supplied with or has had access to all information to which a reasonable investor would attach significance in making investment decisions with respect to the Bonds and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Bonds, the Rate and Method of Apportionment of Special Taxes, the Special Taxes, the District, other special taxes and assessments applicable to the Property, and the Property, so that, as a reasonable investor, the Purchaser has been able to make an informed, independent decision to purchase the Bonds; and in this regard, representatives of the City have responded to the satisfaction of the Purchaser to all of the Purchaser's requests for information, the Purchaser has received from representatives of the City all the information that the Purchaser has requested from them, and there is no pending and unanswered request by the Purchaser for information from the City.

6. The Purchaser acknowledges that the Bonds (a) are not being registered under the United States Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) are not expected to be assigned a rating, (d) contain substantial restrictions on their transferability and (e) are not expected to be readily marketable.

7. The Purchaser agrees to not directly or indirectly sell, assign, transfer (other than a transfer by operation of law), dispose of or offer the Bonds or any interest therein for sale without first complying with the conditions to transfer set forth in Section 2.06(B)(i) of the Fiscal Agent Agreement.

8. The Purchaser agrees to indemnify, defend and hold harmless the City with respect to any claim, loss, liability, action, judgment, cost and expense (including reasonable attorneys' fees and costs) asserted against or suffered or incurred by the City in respect of the Bonds or any investment therein solely to the extent it is brought by a person or entity that acquired any Bonds (or any interest in any Bonds) from the Purchaser in violation of the provisions of Section 2.06 of the Fiscal Agent Agreement.

Capitalized terms used above have the meanings give them in the Fiscal Agent Agreement.

_____

By: _____

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

BOND PURCHASE CONTRACT
(A-9126)

_____, 2025

City of Palmdale,
for and on behalf of the City of Palmdale Community Facilities District
No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)
38300 Sierra Highway, Suite A
Palmdale, CA 93550
Attention: City Manager

Ladies and Gentlemen:

Hilltop Securities Inc. (the "**Underwriter**") offers to enter into this Bond Purchase Contract (A-9126) (this "**Purchase Contract**") with the City of Palmdale (the "**City**"), for and on behalf of Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "**District**"). This offer is made subject to the City's acceptance by execution of this Purchase Contract and delivery of the same to the Underwriter on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to such acceptance. Upon the City's acceptance hereof, the Purchase Contract will be binding upon the City and the Underwriter. Capitalized terms that are used in this Purchase Contract and not otherwise defined have the respective meanings given to such terms in the Fiscal Agent Agreement (as such term is defined below).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations that are set forth in this Purchase Contract, the Underwriter agrees to purchase from the City, and the City, for and on behalf of the District, agrees to sell and deliver to the Underwriter, all (but not less than all) of the $_____ City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "**Bonds**"), at a purchase price of $_____ (being an amount equal to the principal amount of the Bonds, plus an original issue premium of $_____, and less an Underwriter's discount of $_____). The obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be conditioned on the sale and delivery of all of the Bonds by the City to the Underwriter at Closing (as such term is defined herein).

The City and the Underwriter acknowledge and agree that: (1) the purchase and sale of the Bonds under this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter; (2) in connection with the purchase and sale of the Bonds and with the discussions, undertakings, and procedures leading up to the consummation of the purchase and sale of the Bonds

under this Purchase Contract, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of the City; (3) the Underwriter has not assumed a fiduciary responsibility in favor of the City with respect to (A) the offering of the Bonds contemplated by this Purchase Contract or the process leading to this Purchase Contract (whether or not the Underwriter or any affiliate of the Underwriter has advised or is currently advising the City on other matters), or (B) any other obligation to the City with respect to the offering contemplated by this Purchase Contract except the obligations expressly set forth in this Purchase Contract; and (4) the City and the Underwriter have consulted their own legal, financial, and other advisors to the extent they have deemed appropriate in connection with this transaction. This paragraph does not limit the Underwriter's obligations of fair dealing under Municipal Securities Rulemaking Board Rule G-17.

Section 2. Bond Terms; Authorizing Instruments; Prior Bonds.

(a) The Bonds shall be dated their date of delivery and shall mature and bear interest as set forth on Exhibit A. The Bonds shall be as described in, and shall be issued and secured under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), Resolution No. _____ adopted by the City Council on _____ (the "**Resolution of Issuance**"), a Fiscal Agent Agreement (A-8586), dated as of [February 1, 2025] (the "**Fiscal Agent Agreement**"), by and between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"). The Bonds are payable and subject to redemption as provided in the Fiscal Agent Agreement and as described in the Limited Offering Memorandum (as such term is defined herein).

(b) The Bonds will be issued pursuant to the Act. The Bonds are payable from and secured by the City's pledge of Special Tax Revenues under and as defined in the Fiscal Agent Agreement.

(c) The net proceeds of the sale of the Bonds will be used to: (i) fund capital improvements of the City; (ii) fund a reserve fund for the Bonds to satisfy the Reserve Requirement; (iii) fund capitalized interest on the Bonds through _____; (iv) fund administrative expenses for the Bonds; and (v) pay the costs of issuing the Bonds.

(d) The City has previously issued its City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch) Special Tax Bonds, Series 1995-A Senior Bonds (the "**Prior Bonds**") to finance various public infrastructure improvements within and in the vicinity of the Ritter Ranch development, pursuant to a Fiscal Agent Agreement (A-4261), dated as of March 1, 2014 by and between the City, for and on behalf of the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch), and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as fiscal agent (as amended and in effect on the date hereof, the "**Prior Bonds Fiscal Agent**"). PHCC LLC (d/b/a Preston Hollow Community Capital), a Dealware limited liability company (the "**Prior Bonds Holder**") owns all of the outstanding Prior Bonds.

Section 3. Limited Offering and Establishment of Issue Price. The Underwriter agrees to offer of all of the Bonds, at not in excess of the initial yields or price that is set forth on Exhibit A and incorporated herein by reference.

(a) The following definitions apply only in this Section 3:

(1) "**Underwriter**" means (A) any person who agrees under a written contract with the City (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 under 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).

(2) 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 (A) at least 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); (B) 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 (C) 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).

(3) "**Sale Date**" means the date of execution of this Purchase Contract by all parties.

(b) The Underwriter shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at the Closing an "issue price" or similar certificate, together with the supporting pricing wire or equivalent communications, substantially in the form attached hereto as Exhibit B, with any modifications that be appropriate or necessary, in the reasonable judgment of the Underwriter, the City, and Bond Counsel, to accurately reflect, as applicable, the sales price or the initial offering price of the Bonds. All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor, Harrell & Company Advisors (the "**Municipal Advisor**"), and any notice or report to be provided to the City may be provided to the Municipal Advisor.

(c) The Underwriter confirms that the Underwriter has offered the Bonds to the purchaser on or before the date of this contract at par (the "Initial Offering Price"), set forth in Exhibit A attached hereto, except as otherwise set forth therein.

(d) The Underwriter acknowledges that sales of any Bonds to any person who is a Related Party to the Underwriter will not constitute sales for purposes of this Section 3.

Section 4. Limited Offering Memorandum; Continuing Disclosure.

(a) The City has delivered to the Underwriter the Preliminary Limited Offering Memorandum dated _____ (the "**Preliminary Limited Offering Memorandum**") and will deliver to the Underwriter the final Limited Offering Memorandum dated the date of this Purchase

Contract (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Contract, the "**Limited Offering Memorandum**") within seven business days of the date hereof.

(b) The City authorizes the use of the Limited Offering Memorandum and the information that is contained therein by the Underwriter in connection with the public offering and the sale of the Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the public offering of the Bonds. The Underwriter agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Limited Offering Memorandum. The Underwriter agrees: (i) to provide the City with final pricing information on the Bonds on a timely basis prior to the Closing; and (ii) to take any and all other actions that are necessary to comply with applicable rules of the Securities and Exchange Commission (the "**SEC**") and the Municipal Securities Rulemaking Board (the "**MSRB**") governing the offering, sale and delivery of the Bonds to the ultimate purchaser through the Electronic Municipal Marketplace Access website of the MSRB, at 9:00 a.m., California time, on _____, 2025, or at such other time or on such other date as shall have been mutually agreed upon by the City, on behalf of the District, and the Underwriter (the "Closing Date").

(c) In connection with the issuance of the Bonds, and in order to assist the Underwriter in complying with the provisions of SEC Rule 15c2-12 ("**Rule 15c2-12**"), the City will enter into a Continuing Disclosure Agreement (the "**Continuing Disclosure Undertaking**") dated as of _____ 1, 2025, under which the City will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Undertaking is attached as Appendix E to the Preliminary Limited Offering Memorandum.

(d) RdR Development Holdings, LLC (the "**Property Owner**") has agreed to execute at the closing of the Bonds the Continuing Disclosure Agreement – Master Developer (the "**Master Developer Contnuing Disclosure Undertaking**") substantially in the form attached as Appendix F to the Preliminary Limited Offering Memorandum, with such additional changes as may be agreed upon by the Property Owner, the City and the Underwriter.

Section 5. Representations, Warranties and Covenants of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The City Council of the City has taken official action by the adoption of the Resolution of Issuance that was adopted by two-thirds of the members of the City Council of the City at a regular meeting that was duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of: (i) the Fiscal Agent Agreement; (ii) the Continuing Disclosure Undertaking; and (iii) this Purchase Contract (collectively, the "**City Agreements**") and the Limited Offering Memorandum, and the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions that are contemplated hereby.

(b) The City is a charter city that is duly organized and existing under the laws of the State of California (the "**State**") and has all necessary power and authority to adopt the Resolution of Issuance defined in 2(a) and the District Resolutions/Ordinance (as such term is defined herein) and to enter into and perform its duties under the City Agreements and the District Resolutions/Ordinance. The District is a community facilities district that is duly organized and existing under the Act.

(c) By all necessary official action, the City has: (i) duly authorized the preparation and delivery of the Preliminary Limited Offering Memorandum and the preparation, execution and delivery of the Limited Offering Memorandum; (ii) duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, the City Agreements and the District Resolutions/Ordinance; and (iii) duly authorized the consummation by the City of all other transactions on the part of the City that are contemplated by the Resolution of Issuance, the City Agreements, the District Resolutions/Ordinance and the Limited Offering Memorandum. When executed and delivered, the City Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute a legal, valid and binding agreement of the City, enforceable against the City with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the City's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing (as defined herein), the information and statements in the Limited Offering Memorandum (except under the information under the captions "INTRODUCTION – The District," and "—Land Valuation," "PLAN OF FINANCING — Overview (Second paragraph), "THE DEVELOPMENT AND THE DISTRICT —The Master Developer," "—Description of the District" "—Land Ownership," "—Plan for Development in the District" "—Projected Special Tax Revolves," "SPECIAL RISK FACTORS — Litigation Affecting the Development of Property in the District," and "CONTINUING DISCLOSURE — The Master Developer" as to which no view is expressed) do not and will not contain any untrue statement of a material fact or omit to state a material fact that is 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 (except that no representation is made with respect to information relating to DTC (as such term is defined herein) or DTC's book-entry system.

(e) As of the date hereof, except as described in the Preliminary Limited Offering Memorandum, there is no action, suit, proceeding or investigation before or by any court, public board or body that is pending against, and notice of which has been served on and received by, the City or the District, or, to the best knowledge of the City, threatened against the City or the District, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City or the District, or the titles of their respective officers; (ii) in any way question or affect the validity or enforceability of the City Agreements, the District Resolutions/Ordinance, the Second Amended and Restated Notice of Special Tax Lien related to the District (the "**Notice of Special Tax Lien**;" together with the District Resolutions/Ordinance, the "**Formation Documents**") the Bonds or the exclusion of the interest on the Bonds from federal income taxation; or (iii) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Limited Offering Memorandum, or any other agreement or instrument to which the City or the District is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, filing or registration with, or certification by, any regulatory authority that has jurisdiction over the City or the District that is required for the execution and delivery of this Purchase Contract and the other City Agreements or the consummation by the City or the District of the other transactions that are contemplated by the Limited Offering Memorandum, the Formation Documents or the City Agreements.

(g) Any certificate that is signed by any official of the City or the District who is authorized to do so shall be deemed a representation and warranty by the City or the District, as applicable, to the Underwriter as to the statements made therein.

(h) Other than with respect to their obligations in connection with the District's Special Tax Bonds, Series 1995-A Senior Bonds, neither the City nor the District is in default, and at no time have the City or the District defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) If any event occurs of which the City has knowledge between the date of this Purchase Contract and the date of the Closing that might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact that is 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, the City will notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will cooperate with the Underwriter in causing the Limited Offering Memorandum to be amended or supplemented in a form and in a manner that is approved by the Underwriter. All expenses that are thereby incurred will be paid by the City, and the Underwriter will file, or cause to be filed, the amended or supplemented Limited Offering Memorandum with the MSRB's Electronic Municipal Market Access database ("**EMMA**").

(j) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions. The City will not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction.

(k) The City and the District are not in any material respect in breach of or default under: (i) any applicable constitutional provision, law or administrative regulation of any state or of the United States, or or instrumentality of either; (ii) any applicable judgment or decree; or (iii) any loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City or the District is a party, which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City Agreements or the District Resolutions/Ordinance, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Agreements, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City or the District is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or the District or under the terms of any such law, regulation or instrument, except as may be provided by the City Agreements.

(l) The City has complied in all material respects with its continuing disclosure undertakings in the past five years. The District has had no such prior obligation.

(m) Except as disclosed in the Limited Offering Memorandum or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or the District or in their respective operations since June 30, 2023, and there has been no occurrence, circumstance or combination thereof that is reasonably expected to result in any such materially adverse change.

(n) The City and the District will refrain from taking any action, or permitting any action within its control to be taken, with regard to which the City or the District may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

Section 6. The Closing.

(a) At 8:00 A.M., California time, on _____, 2025, or on such earlier or later time or date as may be agreed upon by the Underwriter and the City (the "**Closing**"), the City shall deliver, or cause to be delivered, to the Fiscal Agent the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("**DTC**") (so that the Bonds may be authenticated by the Fiscal Agent and credited to the account that is specified by the Underwriter under DTC's FAST procedures). Prior to the Closing, the City shall deliver, at the offices of Best Best & Krieger LLP ("**Bond Counsel**"), in Riverside, California, or at such other place as is mutually agreed upon by the Underwriter and the City, the other documents that are described in this Purchase Contract. On the date of the Closing, the Underwriter shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Fiscal Agent.

(b) The Bonds shall be issued in fully registered form and shall be prepared and delivered as one Bond registered in the name of Cede & Co., a nominee of DTC. It is anticipated that a CUSIP identification number will be inserted on the Bonds, but neither the failure to provide such number nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

Section 7. Conditions to Underwriter's Obligations. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the City of its obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter's obligations under this Purchase Contract are and shall also be subject to the following conditions:

(a) The representations and warranties of the City that are contained in this Purchase Contract shall be true and correct in all material respects on the date of this Purchase Contract and on and as of the date of the Closing as if made on the date of the Closing.

(b) As of the date of the Closing, the Limited Offering Memorandum shall not have been amended, modified or supplemented, except in any case as may have been agreed to by the Underwriter.

(c) As of the date of the Closing, (i) the Resolution of Issuance, the Formation Documents and the City Agreements shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the City and the Underwriter; and (ii) the City and the District shall perform or shall have performed all of their obligations that are required under or specified in the Resolution of Issuance, the District Resolutions/Ordinance and the City Agreements to be performed at or prior to the date of the Closing.

(d) As of the date of the Closing, all necessary official action of the City and the District relating to the City Agreements, the Formation Documents, the City Resolution and the Limited Offering Memorandum shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(e) Subsequent to the date of this Purchase Contract, up to and including the date of the Closing, there shall not have occurred any change in the financial affairs of the City or the District, as described in the Limited Offering Memorandum, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Bonds.

(f) As of or prior to the date of the Closing, the Underwriter shall have received each of the following documents:

(A) A certified copy of the Resolution of Issuance.

(B) Duly executed copies of the City Agreements.

(C) The Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, with the Limited Offering Memorandum duly executed on behalf of the City, along with an executed copy of the Continuing Disclosure Untertaking.

(D) The Master Developer Continuing Disclosure Undertaking executed by the Property Owner.

(E) An approving opinion of Bond Counsel, dated the date of the Closing, as to the validity of the Bonds and the exclusion of interest on the Bonds from federal and State income taxation, addressed to the City, substantially in the form attached as Appendix D to the Limited Offering Memorandum, and a reliance letter with respect thereto addressed to the Underwriter and the Fiscal Agent.

(F) A supplemental opinion or opinions of Bond Counsel, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(1) The Purchase Contract has been duly executed and delivered by the City and (assuming due authorization, execution and delivery by and enforceability against the Underwriter) is valid and binding upon the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(2) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) The statements contained in the Limited Offering Memorandum on the cover and under the captions "INTRODUCTION," "PLAN OF FINANCING," "THE 2025 BONDS" (excluding therefrom the statements pertaining to DTC), "SECURITY FOR THE 2025 BONDS" and "TAX MATTERS," and in Appendices C and D, excluding any material that may be treated as included under such captions by cross-reference, are accurate insofar as such statements expressly purport to describe certain provisions of the Act, the Bonds, the City Agreements, the Formation Documents and the form and content of Bond Counsel's final approving opinion; and

(4) The Prior Bonds have been tendered by the Prior Bonds Holder to the City for cancellation and are no longer outstanding under the fiscal agent agreement pursuant to which they were assigned.

(G) The letter of Best Best & Krieger LLP, as disclosure counsel ("Disclosure Counsel") dated the Closing Date and addressed to the City and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the District, the Special Tax Consultant and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement, as of its date contained, or as of the Closing Date 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 light of the circumstances under which they were made, not misleading (except that no view need be expressed with respect to (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, assessed valuations, absorption schedules, or archeological or environmental matters contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the Appendices to the Official Statement; (v) any information incorporated by reference into the Official Statement; and (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING").

(H) An opinion of the City Attorney, dated the date of the Closing, addressed to the Underwriter and Fiscal Agent, substantially in the form attached hereto as Exhibit E.

(I) An executed Rule 15c2-12 certificate of the City, dated the date of the Preliminary Limited Offering Memorandum, substantially in the form attached hereto as Exhibit C.

(J) An executed closing certificate of the City, dated the date of the Closing, substantially in the form attached hereto as Exhibit D.

(K) The opinion of counsel of the Fiscal Agent, addressed to the City and the Underwriter, substantially to the effect that:

(1) The Fiscal Agent is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America, having full powers and authority and being qualified to enter into, accept and administer the trust created under the Fiscal Agent Agreement and to enter into the Fiscal Agent Agreement; and

(2) The Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent, and, assuming due authorization, execution and delivery by the City, the Fiscal Agent Agreement constitutes the legal, valid and binding agreement of the Fiscal Agent, enforceable in accordance with its terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(L) A certificate or certificates, dated the date of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer of officers of the Fiscal Agent to the effect that the Fiscal Agent is duly authorized to enter into the Fiscal Agent Agreement, has accepted the respective duties imposed by the Fiscal Agent Agreement and are authorized to carry out such duties, and that the Fiscal Agent has duly authenticated the Bonds.

(M) Evidence of required filings with the California Debt and Investment Advisory Commission.

(N) A copy of the executed Blanket Issuer Letter of Representations by and between the City and DTC relating to the book-entry system.

(O) A certified copy of the general resolution of the Fiscal Agent authorizing the execution and delivery of the Fiscal Agent Agreement by certain officers of the Fiscal Agent, which resolution authorizes the execution and delivery of the Fiscal Agent Agreement and the authentication and delivery of the Bonds by the Fiscal Agent.

(P) An opinion of Stradling Yocca Carlson & Rauth LLP, counsel to the Underwriter, addressed to the Underwriter and in form and substance satisfactory to the Underwriter.

(Q) A Certificate as to Arbitrage and a Certificate Regarding Use of Proceeds with respect to maintaining the tax-exempt status of the Bonds, duly executed by the City, together with IRS Form 8038-G, duly executed by the City.

(R) Certified copies of the resolutions and the ordinances of the City listed in Exhibit F relating to formation and change proceedings of the District and authorization of the Special Tax levy (collectively, the "District Resolutions/Ordinance") and the Notice of Special Tax Lien, and all amendment proceedings relating thereto.

(S) A certificate, dated the date of the Closing, of NBS, Temecula, California, Special Tax Consultant, addressed to the City and the Underwriter to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Second Amended and Restated Rate and Method of Apportionment of Special Taxes, would generate an amount equal to at least estimated annual Administrative Expenses plus 110% of the Maximum Annual Debt Service payable with respect to the Bonds, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Limited Offering Memorandum concerning the Second Amended and Restated Rate and Method of Apportionment of Special Tax, and all information supplied by the Special Tax Consultant for use in the Preliminary LOM and the Limited Offering Memorandum, including, but not limited to, the tables that are sourced to the Special Tax Consultant, were as of the date of the Limited Offering Memorandum and are as of the date of the Closing 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.

(T) An Investor Letter, executed by PHCC LLC (d/b/a Preston Hollow Community Capital), in the form set forth in Exhibit B of the Fiscal Agent Agreement.

(U) Evidence that the Prior Bonds have been tendered to Bond Counsel for cancellation, per the written instruction of the Prior Bonds Holder.

(V) Evidence of filing with the County Recorder of a Notice of Cessation of Special Tax Lien with respect to City of Palmdale Community Facilities District 93-1 (Ritter Ranch).

(W) Letter of Representation and the Closing Certificate of RdR Development Holdings, LLC, in the form set forth in Exhibit G attached hereto.

(X) An opinion of counsel to RdR Development Holdings, LLC, to the effect that:

(i) to their knowledge, except as set forth in the Official Statement, there is no litigation pending against Property Owner (with service of process to Property Owner having been duly given and completed) or overtly threatened against Property Owner which would materially and adversely affect the validity or enforceability of the Letter of Representations, Property Owner's ability to complete the development of its property as proposed in the Official Statement or to pay the Special Taxes.

(ii) To their knowledge, no facts have come to their attention during the course of their representation of the Property Owner which caused them to believe that the information in the Preliminary Official Statement describing the Property Owner, its development within the District and its financing plan, as of its date and as of the date of the Purchase Contract, or in the the Official Statement describing the Property Owner, its development within the District and its financing plan, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iii) The Continuing Disclosure Undertaking constitutes the legally valid and binding obligation of the Property Owner, enforceable against the Property Owner in accordance with its terms.

(Y) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the date of the Closing, of the representations of the City contained herein and of the Limited Offering Memorandum and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City hereunder.

All of the opinions, letters, certificates, instruments and other documents that are mentioned in this Purchase Contract shall be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Underwriter. If the City is unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of

and to pay for the Bonds as set forth in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the City shall be under any further obligations hereunder, except that the respective obligations of the City and the Underwriter that are set forth in Section 11 of this Purchase Contract shall continue in full force and effect.

Section 8. Conditions to City's Obligations. The performance by the City of its obligations under this Purchase Contract is conditioned upon: (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the City of opinions addressed to the City, receipt by the Underwriter of opinions addressed to the Underwriter and the delivery of certificates on the date of the Closing by persons and entities other than the City as provided in Section 7(f).

Section 9. Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, accept delivery of and pay for the Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(a) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially and adversely affected by any decision that is issued by a court of the United States (including the United States Tax Court) or of the State, by any ruling or regulation (final, temporary or proposed) that is issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State by the Governor of the State in an executive communication, affecting the tax status of the City or the District, their property or income, their debt or contractual obligations (including the Bonds) or the interest thereon or any tax exemption granted or authorized with respect thereto by the Internal Revenue Code of 1986, as amended;

(b) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(c) there occurs a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York or State authorities;

(d) a stop order, ruling, regulation or official statement by, or on behalf of, the SEC is issued or made to the effect that the issuance, offering or sale of the Bonds or obligations similar to the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, the Securities Exchange Act of 1934, as then in effect, or the Trust Indenture Act of 1939, as then in effect;

(e) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, a decision by a court of the United States of America is rendered or a ruling or regulation by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(f) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions that are not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) the Office of the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increases materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter;

(h) a general banking moratorium is established by federal, New York or State authorities;

(i) any legislation, ordinance, rule or regulation is introduced in or enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the reasonable opinion of the Underwriter, after consultation with the City, materially adversely affects the market price of the Bonds;

(j) any federal or State court, authority or regulatory body takes action materially and adversely affecting the collection of the Special Tax Revenues that are pledged under the Fiscal Agent Agreement;

(k) an event occurs which in the reasonable opinion of the Underwriter requires a supplement or amendment to the Limited Offering Memorandum and: (i) the City refuses to prepare and furnish such supplement or amendment; or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of the sale contracts of the Bonds impracticable;

(l) an order, decree or injunction that is issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication that is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Limited Offering Memorandum, is or would be in violation of the federal securities laws as amended and then in effect;

(m) additional material restrictions that are not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(n) the commencement of any action, suit or proceeding described in Section 5(e).

Section 10. Changes in Limited Offering Memorandum. After the Closing, the City will not adopt any amendment of or supplement to the Limited Offering Memorandum to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the "end of the underwriting period" (as such term is defined below), whichever occurs first, if any event relating to or affecting the Bonds, the District or the City occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Limited Offering Memorandum in order to make the Limited Offering Memorandum not misleading in any material respect in the light of the circumstances existing at the time that it is delivered to a purchaser, the City will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Limited Offering Memorandum 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 existing at the time that the Limited Offering Memorandum is delivered to a purchaser, not misleading. The City will cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Limited Offering Memorandum with the MSRB.

As used herein, the term "**end of the underwriting period**" means the later of such time as: (i) the City delivers the Bonds 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. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "end of the underwriting period" will be the date of the Closing. Any notice that is delivered pursuant to this provision will be written notice delivered to the City at or prior to the date of the Closing and will specify a date (other than the date of the Closing) to be deemed the "end of the underwriting period."

Section 11. Payment of Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall pay the following expenses incident to the performance of the City's obligations hereunder:

(i) the fees and disbursements of Bond Counsel and of Disclosure Counsel;

(ii) the cost of printing and delivering the Bonds, the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (and any amendment or supplement that is prepared pursuant to Section 10 of this Purchase Contract);

(iii) the fees and disbursements of accountants, advisors and any other experts or consultants retained by the City, including the Municipal Advisor City Attorney; and

(iv) any other expenses and costs of the City that are incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to:

(i) all advertising expenses in connection with the offering of the Bonds;

(ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds (including, without limitation, the fees and expenses of its counsel and MSRB, CUSIP Bureau, California Debt and Investment Advisory Commission and California Public Securities Association fees, if any), except as provided in clause (a) above or as otherwise agreed to by the Underwriter and the City; and

(iii) the Underwiter's Counsel fees.

Section 12. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City at the address that is set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to:

Hilltop Securities Inc.
6100 Fairview Road, Suite 550
Charlotte, NC 28210
Attention: Joshua Lentz

Section 13. Survival of Representations, Warranties, Agreements. All of the City's representations, warranties and agreements that are contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Section 11 shall survive the termination of this Purchase Contract.

Section 14. Benefit; No Assignment. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Contract are not subject to assignment by the Underwriter or the City without the prior written consent of the other party hereto.

Section 15. Severability. In the event that any provision of this Purchase Contract is held to be invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 16. Counterparts. This Purchase Contract may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 17. Governing Law. This Purchase Contract shall be governed by the laws of the State applicable to contracts made and performed in the State.

(*Signature page follows.*)

Section 18. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the City, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

HILLTOP SECURITIES INC.

By: _____
Title: Authorized Officer

Accepted:

CITY OF PALMDALE

By:_____
Title: Authorized Officer

Time of Execution: _____ California Time

-Signature Page-
Bond Purchase Contract

EXHIBIT A

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price

[T] Term bond.

EXHIBIT B

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, Hilltop Securities Inc ("**Hilltop**"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the **"Bonds"**).

1. ***Bond Purchase Contract.*** On ___, 2025 (the **"Sale Date"**), Hilltop and the Issuer executed a Bond Purchase Contract (the **"Purchase Agreement"**) in connection with the sale of the Bonds. Hilltop has not modified the Purchase Agreement since its execution on the Sale Date.

2. ***Sale of General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities is the respective price listed in Schedule A.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Issuer* means City of Palmdale, for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities).

(c) *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 or CUSIP identification numbers, are treated as separate maturities.

(d) *Related Party* means any entity that shares with another entity (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 profit 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).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is _____, 2025.

(f) *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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop'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 its Certificate as to Arbitrage 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.

HILLTOP SECURITIES INC.

By:_____
[Title]

Schedule A

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price

[T] Term bond.

EXHIBIT C

$_____*
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the City of Palmdale (the "**City**"), and as such is duly authorized to execute and deliver this Certificate on behalf of the City, and further hereby certifies and reconfirms on behalf of the City as follows:

(1) This Certificate is delivered in connection with the offering and sale of the above captioned bonds (the "**Bonds**") in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Limited Offering Memorandum, setting forth information concerning the Bonds and the City (the "**Preliminary Limited Offering Memorandum**").

(3) As used herein, "**Permitted Omissions**" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Limited Offering Memorandum is, except for the Permitted Omissions, deemed final within the meaning of the Rule.

Dated: _____

CITY OF PALMDALE

By:_____
Director of Operations

* *Preliminary, subject to change.*

EXHIBIT D

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

CLOSING CERTIFICATE OF THE CITY

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the City of Palmdale (the "**City**"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City as follows:

(i) The representations, warranties and covenants of the City that are contained in the Bond Purchase Contract, dated _____ (the "**Purchase Contract**"), by and between the City and Hilltop Securities Inc., as underwriter, are true and correct and in all material respects on and as of the date of the Closing, with the same effect as if made on the date of the Closing.

(ii) The Resolution of Issuance and the Formation Documents are in full force and effect at the date of the Closing and have not been amended, modified or supplemented, except as agreed to by the City and the Underwriter.

(iii) The City has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied under the Purchase Contract on or prior to the date of the Closing.

Capitalized terms used but not defined herein have the meanings given to such terms in the Purchase Contract.

Dated: _____

CITY OF PALMDALE

By:_____
City Manager

EXHIBIT E

Form of Opinion of City Attorney

_____

Hilltop Securities Inc.
6100 Fairview Road, Suite 550
Charlotte, NC 28210

U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

Ladies and Gentlemen:

In my capacity as the City Attorney to the City of Palmdale (the "**City**"), in connection with the issuance by the City of the above-referenced bonds (the "**Bonds**"), I have examined such documents, certificates and records as I have deemed relevant and necessary as the basis for the opinion set forth herein. Capitalized terms that are used and not otherwise defined herein have the same meanings as assigned to them in the Bond Purchase Contract, dated _____, 2025 (the "**Purchase Contract**"), by and between Hilltop Securities Inc., as underwriter, and the City.

Relying on my examination described above and pertinent law and subject to the limitations and qualifications set forth hereinafter, I am of the following opinion:

1. The City is a charter city that is duly organized and existing under the Constitution of the State of California, and has all necessary power and authority to adopt the Resolution of Issuance and the District Resolutions/Ordinance and to enter into and perform its duties under the City Agreements. The Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), City of Palmdale, County of Los Angeles, State of California (the "**District**") is a community facilities district that is duly organized and existing under the Act.

2. Each of the Resolution of Issuance and the District Resolutions/Ordinance have been duly adopted at a meeting of the City Council of the City that was duly called and held pursuant to law, with all required public notice and at which a quorum was present and acting throughout. Each of the Resolution of Issuance and the District Resolutions/Ordinance is in full force and effect and has not been amended or repealed.

3. The City has duly authorized, executed and delivered the City Agreements. Assuming due authorization, execution and delivery by the other parties thereto, the City Agreements constitute legal, valid and binding agreements of the City that are enforceable against the City in accordance with their terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought,

to the exercise of judicial discretion in appropriate cases and limitations on remedies against public agencies.

4. Except as disclosed in the Limited Offering Memorandum, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the City) or, to the best of my knowledge, threatened, against the City wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the District or the titles of their respective officers to their respective offices; (b) in any way question or affect the validity or enforceability of the City Agreements, the Formation Documents or the Bonds; (c) render illegal, invalid or unenforceable the City Agreements or the transactions contemplated thereby, the Formation Documents or any other agreement or instrument related to the issuance of the Bonds or the levy of the Special Tax described in the Formation Documents to which the City or the District is a party; or (d) have a material adverse effect on the ability of the City to make payments of principal of and interest on the Bonds when due or levy the Special Tax described in the Formation Documents.

5. The execution and delivery of the City Agreements, issuance of the Bonds and compliance with the provisions of each of the City Agreements and the Bonds 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 or any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, trust agreement, contract, agreement or other instrument to which the City or the District is a party or is otherwise subject or bound in a manner that would materially adversely affect the City's performance under the City Agreements.

6. Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended, except as certain of the Formation Documents amend others, and the City and the District are in full compliance with the Formation Documents.

7. The Special Tax constituting the security for the Bonds has been duly and lawfully authorized and may be levied under the Act and the Constitution and other applicable laws of the State of California, and such Special Tax, when levied, will constitute a valid and legally binding continuing lien on the properties on which it has been levied.

The opinion is based on such examination of the laws of the State of California as I have deemed relevant for the purposes of this opinion. I have not considered the effect, if any, of the laws of any other jurisdiction upon matters covered by this opinion. I have assumed the genuineness of all documents and signatures, presented to me. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. I express no opinion as to the status of the Bonds, the interest thereon or the City Agreements under any federal securities laws or any state securities or "Blue Sky" law or any federal, state or local tax law. Without limiting any of the foregoing, I express no opinion as to any matter other than as expressly set forth above.

I am furnishing this opinion as City Attorney to the City. Except for the City and the District, no attorney-client relationship has existed or exists between me and the addressee hereof in connection with the Bonds or by virtue of this opinion. This opinion is rendered solely in connection with the financing described herein, and may not be relied upon by you for any other purpose. I disclaim any obligation to update this opinion. This opinion shall not extend to, and may not be used, quoted,

referred to, or relied upon by any other person, firm, corporation or other entity without my prior written consent.

Respectfully submitted,

EXHIBIT F

$_____
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

DISTRICT RESOLUTIONS/ORDINANCE

1. City Resolution No. CC 2022-100, entitled "A Resolution of the City Council of the City of Palmdale Declaring its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein – Ritter Ranch Phase 1 Public Facilities," adopted by City Council of the City on September 21, 2022.;

2. City Resolution No. CC 2022-101, entitled "A Resolution of the City Council of the City of Palmdale Declaring Its Intention to Incur Bonded Indebtedness of the Proposed Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," adopted by the City Council of the City on September 21, 2022;

3. City Resolution No. CC 2022-109, entitled "A Resolution of the City Council of the City of Palmdale of Formation of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), Authorizing the Levy of a Special Tax Within the District, Preliminarily Establishing an Appropriations Limit for the District, and Approving Acquisition Agreement," adopted by the City Council of the City on October 24, 2022;

4. City Resolution No. CC 2022-110, entitled "A Resolution of the City Council of the City of Palmdale Determining the Necessity to Incur Bonded Indebtedness for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," adopted by the City Council of the City of October 24, 2022;

5. City Resolution No. CC 2022-111, entitled "A Resolution of the City Council of the City of Palmdale Calling Special Election Within Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," adopted by the City Council of the City on October 24, 2022;

6. City Resolution No. CC 2022-112, entitled "A Resolution of the City Council of the City of Palmdale Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien – Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," adopted by the City Council of the City on October 24, 2022;

7. City Ordinance No. 1597, entitled "An Ordinance of the City Council of the City of Palmdale, California Levying Special Taxes Within City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," adopted by the City Council of the City on October 24, 2022;

8. Resolution No. CC 2024-019 A Resolution of the City Council of the City of Palmdale of Consideration to Alter the Rate and Method of Apportionment of Special Taxes for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities);

9. Resolution No. CC 2024-022 A Resolution of the City Council of the City of Palmdale Calling Special Election Regarding Alteration of the Rate and Method of Apportionment of Special Taxes for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities); and

10. Resolution No. CC 2024-023 A Resolution of the City Council of the City of Palmdale Declaring Results of Special Election in the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), Determining that Alteration of the Rate and Method of Apportionment of Special Taxes for the District is Lawfully Authorized, and Directing Recording of Amended and Restated Notice of Special Tax Lien.

11. [UPDATE WITH RECENT DOCUMENTS]

EXHIBIT G

CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

LETTER OF REPRESENTATIONS

_____, 2025

City of Palmdale,
for and on behalf of the City of Palmdale
Community Facilities District
No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)
38300 Sierra Highway, Suite A
Palmdale, CA 93550

Hilltop Securities Inc.
6100 Fairview Road, Suite 550
Charlotte, NC 28210

Ladies and Gentlemen:

Reference is made to the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "**Bonds**") and to the Bond Purchase Contract (the "**Purchase Contract**") by and between Hilltop Securities Inc. (the "**Underwriter**"**)** and the City of Palmdale, for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "**District**"), expected to be entered into in connection with the issuance, sale and delivery of the Bonds. Capitalized undefined terms used herein have the meanings ascribed thereto in the Purchase Contract.

This Letter of Representations (this "**Letter of Representations**") is delivered in connection with the delivery to the Underwriter, on the date hereof, of the Preliminary Limited Offering Memorandum, dated the date hereof, relating to the Bonds (the "**Preliminary Limited Offering Memorandum**").

The undersigned is an officer or representative of RdR Development Holdings, LLC (the "**Developer**") and is duly authorized to execute this Letter of Representations on behalf of the Developer.

The undersigned, on behalf of the Developer, 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 develop its property in the District as described in the Preliminary Limited Offering Memorandum.

2. As described in the Preliminary Limited Offering Memorandum, the District is authorized to levy special taxes (the "**Special Taxes**") on the property within the District. As further described in the Preliminary Limited Offering Memorandum, title to all of the property within the District and not exempt from the Special Taxes (the "**Property**") is held in the name

of the Developer. Except as otherwise described in the Preliminary Limited Offering Memorandum, the Developer's current expectation is that the Developer will remain the party responsible for the development of the Property to the stage of development described in the Preliminary Limited Offering Memorandum.

3. Except as otherwise described in the Preliminary Limited Offering Memorandum, to the Actual Knowledge of the Undersigned, the Developer is not in violation of any applicable law or administrative regulation of the State of California or the United States of America, or any agency or instrumentality of either, which violation could reasonably be expected to materially and adversely affect the Developer's ability to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible.

For purposes of this Letter of Representations, the term "**Actual Knowledge of the Undersigned**" means the actual (as opposed to constructive) knowledge that the undersigned, as the individual executing this Letter of Representations on behalf of the Developer, currently has, including such knowledge 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 certified by the undersigned in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and that the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters certified by the undersigned 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. Individuals who are no longer employees or representatives of the Developer or its Affiliates have not been contacted.

For purposes of this Letter of Representations, the term "**Affiliate**" means, with respect to the Developer (i) any Person that, directly or indirectly, controls, is controlled by, or is under common control with the Developer; for purposes of which definition "control" means having direct or indirect power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and (ii) for which Person information, including financial information or operating data, concerning such Person would be material to an evaluation of the merits of an investment in the Bonds (i.e., information relevant to (a) the Developer's development plans with respect to the Property and the payment of the Special Taxes levied thereon, 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 Offering Memorandum or to pay Special Taxes with respect to the portion of the Property then owned by the Developer, to the extent the responsibility of the Developer, prior to delinquency). For purposes of this Letter of Representations, the term "**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.

4. Except as otherwise described in the Preliminary Limited Offering Memorandum, to the Actual Knowledge of the Undersigned, the Developer is not in breach of or in default under any applicable judgment or decree, which breach or default could reasonably be expected to materially and adversely affect the Developer's ability to develop

the Property as described in the Preliminary Limited Offering Memorandum or to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible

5. Except as otherwise described in the Preliminary Limited Offering Memorandum (i) there is no material indebtedness of the Developer that is secured by an interest in the Property, and (ii) to the Actual Knowledge of the Undersigned, the Developer is not in default on any obligation to repay borrowed money, which default could reasonably be expected to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Limited Offering Memorandum or to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible.

6. Except as otherwise described in the Preliminary Limited Offering Memorandum (i) no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body with respect to which the Developer has been properly served is pending against the Developer, or (ii) to the Actual Knowledge of the Undersigned, no such no action, suit, proceeding, inquiry or investigation at law or in equity has been overtly threatened in writing against the Developer that, if successful, could reasonably be expected to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Limited Offering Memorandum or to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible.

7. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings with respect to which the Developer has been properly served are pending against the Developer or, to the Actual Knowledge of the Undersigned, overtly threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, granted an extension of time to pay its debts or obligations or be allowed to reorganize or readjust its debts that, if successful, could reasonably be expected to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Limited Offering Memorandum or to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible.

8. To the Actual Knowledge of the Undersigned, no legal proceedings are pending against an Affiliate of the Developer with respect to which such Affiliate has been properly served or, to the Actual Knowledge of the Undersigned, overtly threatened in writing in which such Affiliate may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, granted an extension of time to pay its debts or obligations or be allowed to reorganize or readjust its debts that, if successful, could reasonably be expected to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Limited Offering Memorandum or to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible.

9. As of the date of the Preliminary Limited Offering Memorandum, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, PHCC LLC (d/b/a Preston Hollow Community Capital), the proposed development of the Property by the Developer, the Developer's development plan for the Property, the Developer's financing plan for development of the Property, contractual arrangements of the

Developer with respect to its ownership and development of the Property and litigation affecting the Property, as set forth under the captions "INTRODUCTION – The District," and "—Land Valuation," "PLAN OF FINANCING — Overview (Second paragraph), "THE DEVELOPMENT AND THE DISTRICT —The Master Developer," "—Description of the District" "—Land Ownership," "—Plan for Development in the District" "—Projected Special Tax Revolves," "SPECIAL RISK FACTORS — Litigation Affecting the Development of Property in the District," and "CONTINUING DISCLOSURE — The Master Developer," but in all cases, excluding information under such captions that is identified as having been provided by a source other than the Developer, 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 the light of the circumstances under which they were made, not misleading.

10. Based upon the Developer's current development plan for the Property and its current financing plan with respect thereto, 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 Limited Offering Memorandum under the caption "SPECIAL RISK FACTORS," to the Actual Knowledge of the Undersigned (i) the Developer presently anticipates it will have sufficient funds available (a) to develop the Property as described in the Preliminary Limited Offering Memorandum, and (b) to pay, prior to the delinquency thereof, the Special Taxes levied on the Property for which the Developer is responsible, and (ii) the Developer does not presently anticipate that the City or the 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 Taxes levied on the Property; provided, however, that (A) neither the Developer nor any of its Affiliates is obligated to make any additional funds available to pay any of the costs of development of the Property, (B) the Developer reserves the right to change or abandon its development plan for the Property and its financing plan therefor at any time without notice (except as required by the Master Developer Continuing Disclosure Undertaking), and (C) there is no recourse against the Developer for any failure to pay Special Taxes levied on any parcel of the Property other than the filing of a foreclosure action against such parcel.

11. Except as otherwise described in the Preliminary Limited Offering Memorandum, to the Actual Knowledge of the Undersigned, the Developer is not aware that any public debt, other than the Bonds, secured by a tax or assessment on the Property exists or is in the process of being authorized or that any assessment district or community facilities district, other than the District, that includes any portion of the Property has been or is in the process of being formed.

12. 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 has 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, the Developer has not been delinquent to any material extent in the payment of any ad valorem property tax, special assessment or special tax on property in California owned by the Developer included within the boundaries of an assessment district or a community facilities district that (i) would have caused a draw on a reserve fund relating to such assessment district or community facilities district financing, or (ii) resulted in a foreclosure action being filed in a court of law against such property.

13. The Developer has not had any previous continuing disclosure undertaking pursuant to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 as amended.

14. The undersigned (i) has reviewed the contents of this Letter of Representations and has met with counsel to the Developer for the purpose of discussing the meaning of the contents hereof, and (ii) is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Developer.

Consents, acknowledgements and agreements of the Developer:

A. The Developer (i) consents to the issuance of the Bonds pursuant to the Fiscal Agent Agreement and as described in the Preliminary Limited Offering Memorandum, and (ii) acknowledges and agrees that the proceeds of the Bonds will be applied as described the Fiscal Agent Agreement and in the Preliminary Limited Offering Memorandum.

B. The Developer agrees to comply with the provisions of California Government Code Section 53341.5 in connection with the sale of the Property or portions thereof.

C. Solely as to the limited information in the portions of the Preliminary Limited Offering Memorandum as to which certifications on behalf of the Developer are made in Paragraph 9 above, but subject to the limitations and exclusions specified in said Paragraph 9, the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City and the District, and their officials and employees, and each Person, if any, that 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 to reimburse such Indemnified Party for any actual reasonable legal or other expense reasonably incurred by it in connection with investigating any such claim against it and defending any such claim, insofar as and solely to the extent such losses, claims, damages or liabilities or actions arise out of or are based on any untrue statement by the Developer of a material fact contained in the information in such portions of the Preliminary Limited Offering Memorandum, but subject to the limitations and exclusions specified in said Paragraph 9, as of its date, or the omission by the Developer to state in the information in such portions of the Preliminary Limited Offering Memorandum, subject to the limitations and exclusions specified in said Paragraph 9, as of its date, a material fact 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 that the Developer may otherwise have to any Indemnified Party, provided that in no event shall the Developer be obligated or liable for (i) double indemnification, or (ii) the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand (each of which, a "proceeding") shall be brought or asserted against any Indemnified Party in respect of which indemnification is owed pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing of such proceeding; provided, however, that the failure to so 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 so 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 such Indemnified Party and approved thereby to represent such 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, an Indemnified Party subject thereto 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 such Indemnified Party shall have mutually agreed to the contrary, (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to such Indemnified Party, (iii) such 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 such proceeding (including any impleaded parties) include both the Developer and such Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests 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 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 to the extent set forth in the above paragraph. The Developer shall not, without the written consent of an Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (i) 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 as to which Developer has an obligation pursuant the above paragraph to indemnify such Indemnified Party, and (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Party.

D. If, between the date hereof and the Closing Date, to the Actual Knowledge of the Undersigned, any event relating to or affecting the Developer, its ownership of the Property, the Developer's development plan for the Property, the Developer's financing plan for development of the Property, and contractual arrangements of the Developer with respect to its ownership and development of the Property shall occur that the undersigned believes would cause information in the portions of the Preliminary Limited Offering Memorandum as to which certifications on behalf of the Developer are made in Paragraph 9 above, but subject to the limitations and exclusions specified in said Paragraph 9, 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 agrees to notify the City and the Underwriter thereof 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 Limited Offering Memorandum, the Developer shall reasonably

cooperate with the City in the preparation of such amendment or supplement to the Preliminary Limited Offering Memorandum in form and substance reasonably satisfactory to counsel to the City and to the Underwriter.

E. The Developer agrees that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and Affiliates thereof that it controls will not bring or participate in any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency or public board or body, that in any way seeks to challenge or overturn the formation of the District, to challenge the adoption of the ordnance levying Special Taxes within the District, to invalidate the District, the levy of Special Taxes by the District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax lien imposed under Section 3115.5 of the California Streets and Highways Code based on recordation of the Notice of Special Tax Lien. The foregoing agreement shall not prevent the Developer and its Affiliates in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency or public board or body, including, but not limited to (i) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the District's Amended and Restated Rate and Method of Apportionment of Special Taxes pursuant to which the Special Taxes are levied, (ii) an action or suit with respect to the application or use of the Special Taxes levied and collected or (iii) an action or suit to enforce the obligations of the City and/or the District under the District Resolutions/Ordinance, the Fiscal Agent Agreement or any other agreements among the Developer or its Affiliates, the City and/or the District or to which the Developer or its Affiliates is a party or beneficiary.

F. 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 hereto as Exhibit 1, with such changes therein as may be necessary to reflect any event related to or affecting the Developer, its Affiliates or the ownership, development or sale of the Property occurring between the date hereof and the Closing Date.

The undersigned has executed this Letter of Representations on behalf of the Developer, solely in the undersigned's capacity as an officer or representative of the Developer and, by its acceptance hereof, each of the City and the Underwriter agree that the undersigned shall have no personal liability arising from or relating to this Letter of Representations and that any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

RdR Development Holdings, LLC, a
Delaware limited liability company

By: PHCC LLC (d/b/a Preston Hollow Community Capital), its sole member

By: _____

EXHIBIT 1

CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

CLOSING CERTIFICATE

_____, 2025

City of Palmdale,
for and on behalf of the City of Palmdale
Community Facilities District
No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)
38300 Sierra Highway, Suite A
Palmdale, CA 93550

Hilltop Securities Inc.
6100 Fairview Road, Suite 550
Charlotte, NC 28210

Ladies and Gentlemen:

Reference is made to the City of Palmdale Community Facilities District No. 2022-2 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "**Bonds**") and to the Bond Purchase Contract, dated _____, 2025 (the "**Purchase Contract**"), by and between Hilltop Securities Inc. (the "**Underwriter**"**)** and the City of Palmdale, for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities). This Closing Certificate, (the "**Closing Certificate**") is delivered by RdR Development Holdings, LLC (the "**Developer**") pursuant to the Purchase Contract. Capitalized undefined terms used herein have the meanings ascribed thereto in the Letter of Representations of RdR Development Holdings, LLC (the "**Letter of Representations**"), dated _____, 2025, delivered by the Developer.

The undersigned is an officer or representative of the Developer and is duly authorized to execute this Letter of Representations on behalf of the Developer.

The undersigned, on behalf of the Developer, certifies as follows:

1. The Developer has received the final Limited Offering Memorandum, dated _____, 2025, relating to the Bonds (the "**Final Limited Offering Memorandum**"). Each statement, representation and certification made by the Developer 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 Limited Offering Memorandum shall be deemed to be references to the Final Limited Offering Memorandum.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Limited Offering Memorandum affecting information in the portions of the Preliminary Limited Offering Memorandum as to which certifications on behalf of the Developer are made in Paragraphs 9 and 10 of the Letter of Representations, but subject to the limitations and exclusions specified in said Paragraphs 9 and 10, relating to the Developer, its ownership of the Property, the Developer's development plan for the Property, the

Developer's financing plan for development of the Property and contractual arrangements of the Developer with respect to its ownership and development of the Property that would need to be included in the Final Limited Offering Memorandum in order for such information not to 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.

The Developer agrees that, for the period through 25 days after the End of the Underwriter Period, as defined in the Purchase Contract, if any event relating to or affecting the Developer, its ownership of the Property, the Developer's development plan for the Property, the Developer's financing plan for development of the Property or contractual arrangements of the Developer with respect to its ownership and development of the Property shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement the Final Limited Offering Memorandum in order to make the information in the portions of the Final Limited Offering Memorandum as to which certifications on behalf of the Developer with respect to the Preliminary Limited Offering Memorandum were made in Paragraphs 9 and 10 of the Letter of Representations, but subject to the limitations and exclusions specified in said Paragraphs 9 and 10, not misleading in the light of the circumstances existing at the time the Final Limited Offering Memorandum is delivered to a purchaser, the Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to such information in the Final Limited Offering Memorandum in form and substance satisfactory to counsel to the City and the Underwriter in order to amend or supplement the Final Limited Offering Memorandum so that such information 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.

The undersigned has executed this Closing Certificate on behalf of the Developer, solely in the undersigned's capacity as an officer or representative of the Developer and, by its acceptance hereof, each of the City and the Underwriter agree that the undersigned shall have no personal liability arising from or relating to this Closing Certificate and that any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

RdR Development Holdings, LLC, a
Delaware limited liability company

By: PHCC LLC (d/b/a Preston Hollow Community Capital), its sole member

By: _____

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 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 a 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 prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2024

NEW ISSUE – BOOK ENTRY-ONLY **NO RATING**

THIS LIMITED OFFERING MEMORANDUM IS FURNISHED SOLELY FOR THE PURPOSE OF CONSIDERATION OF AN INVESTMENT IN THE 2025 BONDS BY SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

TRANSFERS OF THE 2025 BONDS ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE RULE 144A OF THE SECURITIES ACT. IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE 2025 BONDS, INCLUDING THE MERITS AND RISKS INVOLVED. THE INFORMATION AND EXPRESSION OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE IN CONNECTION WITH THE 2025 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described in this Limited Offering Memorandum, under existing law, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and interest on the 2025 Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2022, interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from State of California personal income taxes. See "TAX MATTERS."

$33,355,000*
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS

Dated: Date of Delivery **Due: August 1, as shown on the inside cover page**

The City of Palmdale, California (the "City"), for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), is issuing the above-captioned bonds (the "2025 Bonds") to (i) finance public facilities authorized to be funded by the District, (ii) fund a reserve fund for the 2025 Bonds, (iii) fund a capitalized interest account for the 2025 Bonds, (iv) pay costs of issuing the 2025 Bonds, and (v) fund administrative expenses related to the District. See "PLAN OF FINANCING." The 2025 Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of _____ 1, 2025, by and between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent").

The 2025 Bonds are payable from the proceeds of annual Special Taxes (as defined in the Fiscal Agent Agreement) to be levied on property located within the District (see "THE DEVELOPMENT AND THE DISTRICT — Description of the District"), and from certain funds pledged under the Fiscal Agent Agreement. The Special Taxes will be levied according to an amended and restated rate and method of apportionment of Special Taxes. See "SECURITY FOR THE 2025 BONDS — Special Taxes" and Appendix B – " Second Amended and Restated Rate and Method of Apportionment of Special Taxes."

The 2025 Bonds will be issued in the principal amount of $250,000 and any integral multiple of $5,000 in excess thereof. Interest on the 2025 Bonds is payable on March 1 and September 1 of each year, commencing on September 1, 2025. The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only. Purchasers of the 2025 Bonds will not receive physical certificates representing their ownership interests in the 2025 Bonds purchased. Principal of and interest on the 2025 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2025 Bonds. See "THE 2025 BONDS" and Appendix G – "DTC and the Book-Entry Only System."

The 2025 Bonds are subject to optional and mandatory redemption prior to maturity. See "THE 2025 BONDS — Redemption."

Transfers of the 2025 Bonds are restricted under the Fiscal Agent Agreement. See "THE 2025 BONDS — Transfer or Exchange of 2025 Bonds – Restrictions on Transfers."

The City may issue additional bonds for the District secured by a lien on the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and by funds pledged under the Fiscal Agent Agreement for the payment of the 2025 Bonds, on a parity with the 2025 Bonds. See "SECURITY FOR THE 2025 BONDS — Issuance of Additional Bonds."

THIS LIMITED OFFERING MEMORANDUM IS FURNISHED SOLELY FOR THE PURPOSE OF CONSIDERATION OF AN INVESTMENT IN THE 2025 BONDS BY SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

* Preliminary, subject to change.

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE CITY OR THE STATE OF CALIFORNIA OR OF ANY OF THEIR RESPECTIVE POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2025 BONDS. EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2025 BONDS. THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE CITY FOR THE DISTRICT, PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

This cover page contains certain information for quick reference only. Investors should read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision with respect to the 2025 Bonds.

The 2025 Bonds are offered when, as and if issued, subject to approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2025 Bonds will be passed upon for the City by the City Attorney, and by Best Best & Krieger LLP, in its capacity as Disclosure Counsel to the City for the 2025 Bonds. Certain legal matters related to the 2025 Bonds will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, acting as Underwriter's Counsel. It is anticipated that the 2025 Bonds in definitive form will be available for delivery on or about _____, 2025.

Hilltop Securities, Inc.

The date of this Limited Offering Memorandum is _____, 2025.

**$31,150,000*
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS**

Base CUSIP®(1):____

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP®(1)

$_____ _____% Term Bonds maturing August 1, 20__; Yield: ____%C; CUSIP®(1): _____
$_____ _____% Term Bonds maturing August 1, 20__; Yield: ____%C; CUSIP®(1): _____

* Preliminary, subject to change.

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CITY OF PALMDALE
LOS ANGELES COUNTY, CALIFORNIA

City Council

Austin Bishop, Mayor, District 1
Richard J. Loa, Mayor Pro Tem/Councilmember, District 2
Laura Bettencourt Councilmember, District 3
Eric Ohlsen, Councilmember, District 4
Andrea Alarcón, Councilmember, District 5

City Officials

Ronda Perez, City Manager
Megan Taggart, Acting Director Economic & Community Development
Lee Torres, Director of Public Works
Janelle Samson, Director of Operations
William P. Curley III, City Attorney

PROFESSIONAL SERVICES

Municipal Advisor
Harrell & Company Advisors, LLC
Orange, California

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

Special Tax Consultant and Dissemination Agent
NBS
Temecula, California

Bond Counsel and Disclosure Counsel
Best Best & Krieger LLP
Riverside, California

GENERAL INFORMATION ABOUT THIS LIMITED OFFERING MEMORANDUM

The information contained in this Limited Offering Memorandum has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Limited Offering Memorandum, including, without limitation, the information contained in the Appendices, and nothing contained in this Limited Offering Memorandum should be relied upon as a promise or representation by the Underwriter.

Neither the City nor the Underwriter has authorized any dealer, broker, salesperson or other person to give any information or make any representations with respect to the offer or sale of 2025 Bonds other than as contained in this Limited Offering Memorandum. If given or made, any such information or representations must not be relied upon as having been authorized by the City or the Underwriter. The information and expressions of opinion in this Limited Offering Memorandum are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale of the 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of any party described in this Limited Offering Memorandum, or in the status of any property described in this Limited Offering Memorandum, subsequent to the date as of which such information is presented.

This Limited Offering Memorandum and the information contained in this Limited Offering Memorandum are subject to amendment without notice. The 2025 Bonds may not be sold, and no offer to buy the 2025 Bonds may be accepted, prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

When used in this Limited Offering Memorandum and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced in this Limited Offering Memorandum, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All summaries of the documents referred to in this Limited Offering Memorandum are qualified by the provisions of the respective documents summarized and do not purport to be complete statements of any or all of such provisions.

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

The 2025 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements contained in the Securities Act. The 2025 Bonds have not been registered or qualified under the securities laws of any state.

The City maintains an Internet website, but the information on the website is not incorporated in this Limited Offering Memorandum.

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LIMITED OFFERING MEMORANDUM

**$31,150,000*
CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)
2025 SPECIAL TAX BONDS**

INTRODUCTION

This introduction is not a summary of this Limited Offering Memorandum and is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in this entire Limited Offering Memorandum and the documents summarized or described in this Limited Offering Memorandum. A full review should be made of this entire Limited Offering Memorandum by those interested in purchasing the 2025 Bonds. The sale and delivery of 2025 Bonds to potential investors is made only by means of the entire Limited Offering Memorandum. Certain capitalized terms used in this Limited Offering Memorandum and not defined herein have the meanings set forth in Appendix C — "Summary of the Fiscal Agent Agreement — Definitions" and in Appendix B — "Second Amended and Restated Rate and Method of Apportionment of Special Taxes."

INVESTMENT IN THE 2025 BONDS IS LIMITED TO SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

TRANSFERS OF THE 2025 BONDS ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE RULE 144A OF THE SECURITIES ACT. IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE 2025 BONDS, INCLUDING THE MERITS AND RISKS INVOLVED. THE INFORMATION AND EXPRESSION OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE IN CONNECTION WITH THE 2025 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

General

The purpose of this Limited Offering Memorandum, which includes the cover page, the table of contents and the attached appendices (the "Limited Offering Memorandum"), is to provide certain information concerning the issuance by the City of Palmdale, California (the "City"), for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "2025 Bonds"). The 2025 Bonds are being issued to (i) finance costs of public facilities authorized to be funded by the District, (ii) fund a reserve fund for the 2025 Bonds, (iii) fund a capitalized interest account for the 2025 Bonds, (iv) pay costs of issuing the 2025 Bonds, and (v) fund administrative expenses related to the District. See "PLAN OF FINANCING" and "THE DEVELOPMENT AND THE DISTRICT — The Improvements."

* Preliminary, subject to change.

Authority for Issuance

General. The District was formed in October, 2022 under the authority of the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq*. of the California Government Code (the "Law"). The Law authorizes the City Council to establish community facilities districts with defined boundaries. Subject to approval by at least a two-thirds vote of the votes cast by the qualified electors within a district and compliance with the provisions of the Law, the City Council may issue bonds for a community facilities district established by it and may levy and collect a special tax within the community facilities district to repay the bonds.

Bond Authority. The 2025 Bonds are authorized to be issued pursuant to the Law, Resolution No. CC 2024-___ adopted on November 20, 2024 by the City Council, acting as the legislative body of the District, and the Fiscal Agent Agreement, dated as of _____ 1, 2025 (the "Fiscal Agent Agreement"), between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). For more detailed information about the formation of the District and the authority for issuance of the 2025 Bonds, see "THE 2025 BONDS — Authority for Issuance" and "THE DEVELOPMENT AND THE DISTRICT — History of the District." When used in this Limited Offering Memorandum the term "Bonds" means the 2025 Bonds and any Parity Bonds that may be issued in the future under and as such term is defined in the Fiscal Agent Agreement. See "SECURITY FOR THE 2025 BONDS — Issuance of Additional Bonds."

The 2025 Bonds

General. The 2025 Bonds will be issued only as fully registered bonds, initially in denominations of $250,000 or any integral multiple of $5,000 in excess thereof, and will bear interest at the rate per annum and will mature on the date and in the principal amount set forth on the cover page of this Limited Offering Memorandum. The 2025 Bonds will be dated the date of their issuance and interest on the 2025 Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2025 (each an "Interest Payment Date"). The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2025 Bonds. See "THE 2025 BONDS — General Provisions."

Redemption Prior to Maturity. The 2025 Bonds are subject to optional and mandatory redemption prior to maturity. See "THE 2025 BONDS — Redemption."

Restrictions on Transfers of 2025 Bonds. Transfers of the 2025 Bonds are subject to restrictions set forth in the Fiscal Agent Agreement including, except for certain transferees and otherwise if certain requirements are satisfied, the delivery by any transferee of an investor letter to the City and the Fiscal Agent in the form required by the Fiscal Agent Agreement. See "THE 2025 BONDS — Transfer or Exchange of 2025 Bonds – Restrictions on Transfers."

Security for the 2025 Bonds

Pledge Under the Fiscal Agent Agreement. Pursuant to the Fiscal Agent Agreement, the 2025 Bonds are secured by a first pledge of all of the Special Tax Revenues after deducting the Minimum Administrative Expense Requirement in each Fiscal Year (referred to in this Limited Offering Memorandum as the "Pledged Special Tax Revenues"), and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, in the Special Tax Fund, all of which funds are held by the Fiscal Agent under the Fiscal Agent Agreement. "Special Tax Revenues," as defined in the Fiscal Agent Agreement, means the proceeds of the Special Taxes levied on property in the District and received by the City, including any scheduled payments and 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 Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds. "Minimum Administrative Expense Requirement" is defined in the Fiscal Agent Agreement to mean (a) for Fiscal Year 2025-26, $100,000.00; and (b) for each Fiscal Year after Fiscal Year 2025-26, an

amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

The Pledged Special Tax Revenues, and all moneys on deposit in the Bond Fund, the Reserve Fund and the Special Tax Fund are dedicated to the payment of the principal of, and interest and any premium on, the 2025 Bonds in accordance with the Fiscal Agent Agreement until all of the 2025 Bonds have been paid or defeased. See "SECURITY FOR THE 2025 BONDS — Special Taxes."

Special Taxes; Rate and Method. The Special Taxes to be used to pay debt service on the 2025 Bonds will be levied in accordance with the Second Amended and Restated Rate and Method of Apportionment of Special Taxes (referred to in this Limited Offering Memorandum as the "Rate and Method") for the District, which is described under the heading "SECURITY FOR THE 2025 BONDS — Summary of Rate and Method," and is set forth in its entirety in Appendix B — "Second Amended and Restated Rate and Method of Apportionment of Special Taxes." "Special Taxes" as defined in the Fiscal Agent Agreement, means the special tax levied within the District pursuant to the Law, Ordinance No. 1597 adopted by the City Council on October 24, 2022 (the "Ordinance Levying Special Taxes"), which provides for the levy of the Special Taxes in accordance with the Rate and Method, and the Fiscal Agent Agreement. The Special Taxes are levied on "Taxable Property," which is defined in the Rate and Method as all of the County of Los Angeles Assessor's Parcels within the District which are not exempt from the Special Tax by applicable law or the Rate and Method (which exempts up to 35.20 acres of Property Owner Association Property and up to 120.70 acres of Public Property of the approximately 236 acres of property in the District). See "SECURITY FOR THE 2025 BONDS — Special Taxes" and " — Summary of Rate and Method."

Limitations. The first Special Tax Revenues in the amount of the applicable Minimum Administrative Expense Requirement received by the City in each Fiscal Year, as well as amounts in the Administrative Expense Fund, the Improvement Fund and the Costs of Issuance Fund, each of which is established under the Fiscal Agent Agreement, are not pledged to the repayment of the 2025 Bonds. The improvements financed by the District are not pledged to pay the debt service on the 2025 Bonds. The proceeds of any sale, condemnation or destruction of any of the improvements financed by the District are not pledged to pay the debt service on the 2025 Bonds.

In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2025 Bonds are amounts held by the Fiscal Agent in the Bond Fund, the Special Tax Fund and the Reserve Fund established under the Fiscal Agent Agreement, and the proceeds, if any, from foreclosure sales of Taxable Property within the District in respect of delinquent Special Taxes.

Reserve Fund

The Fiscal Agent Agreement establishes a Reserve Fund as a reserve for the payment of principal of and interest on the Bonds (which includes the 2025 Bonds and any Parity Bonds). The Reserve Fund is required to be funded on the Closing Date at the "Reserve Requirement," which is defined in the Fiscal Agent Agreement as an amount, as of any date of calculation, equal to one-half of the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds. Amounts in the Reserve Fund will be available to pay the debt service on the 2025 Bonds and any Parity Bonds in the event of a shortfall in the amount in the Bond Fund for such purpose. The Reserve Requirement as of the date of issuance of the 2025 Bonds will be $_____. See " SECURITY FOR THE 2025 BONDS — Reserve Fund."

The Development

The property included in the District consists of approximately 236 acres, constituting a portion of the larger, approximately 767 acre, Phase 1 of the proposed master-planned community known as Ritter Ranch (the "Development"), located in the south western portion of the City. The entire approximately 10,625 acre Development is currently planned to be a mixed use project that is expected to include over 7,500 acres of open

space, along with residential, public facility, recreational, school and commercial uses. Certain land use entitlements for the property in the Development have expired, and the plans for the Development are subject to change. See "THE DEVELOPMENT AND THE DISTRICT — Location and Description of the Development." The property in the Development is currently owned by RdR Development Holdings, LLC (the "Master Developer"), a limited liability company for which PHCC LLC (d/b/a Preston Hollow Community Capital) is the sole member. See "THE DEVELOPMENT AND THE DEVELOPER — The Master Developer."

The District

The District was formed by the City Council pursuant to proceedings conducted under the Law on October 24, 2022 with a maximum bonded indebtedness of $75,000,000. See "THE DEVELOPMENT AND THE DISTRICT — History of the District." The District includes approximately 236 acres consisting of Phase 1A and Phase 1B of the Development, expected to be improved with a total of 553 detached single family homes in Phase 1A and 135 detached single family homes and 492 attached, detached or condominium single family homes in Phase 1B. The Master Developer has obtained land use approvals for the 553 single family homes to be constructed in Phase 1A, and land use approvals are pending approval by the City for the 135 single family detached homes and the 492 attached, detached or condominium single family homes to be constructed in Phase 1B. When used in this Limited Offering Memorandum, "homes" is meant to refer to both detached and attached single-family homes, condominiums and townhomes.

Certain public improvements necessary for the development of Phase 1A and Phase 1B have been completed and additional infrastructure work is expected to begin after the 2025 Bonds are issued, and substantial additional infrastructure improvements are needed before homes can be completed and sold.

Home construction has not yet commenced, but is projected by the Master Developer to begin, following the completion of necessary infrastructure improvements, with an expected buildout of the property in the District to occur over a five year period. See "THE DEVELOPMENT AND THE DISTRICT — Description of the District," and " — Plan for Development in the District" for additional information concerning development occurring and to occur in the District.

Land Valuation

The City has not obtained any appraisal of the property located in the District. The land currently includes twelve County Assessor's parcels aggregating approximately 236 acres of property subject to the levy of Special Tax in the District that was valued by the Los Angeles County Assessor for ad valorem property tax purposes on the 2024-25 property tax roll at an aggregate of $1,156,708. See the table under the heading "THE DEVELOPMENT AND THE DISTRICT — Property Values" which projects the 2025-26 assessed value of the property in the District. The Master Developer has advised that it expects that, given the land use entitlements that have been obtained for Phase 1A and a portion of Phase 1B and are in process for the remainder of Phase 1B (see "THE DEVELOPMENT AND THE DISTRICT — Description of the District"), and the expected use of proceeds of the 2025 Bonds to finance infrastructure improvements incident to the development of the property in the District (see "THE DISTRICT — The Improvements"), the fair market value of the Taxable Property may be significantly greater than its current County-assessed value, and the fair market value of the Taxable Property will in any event increase as infrastructure improvements are completed and homes are constructed in the District. However, no representation is made as to the current actual fair market value of the Taxable Property subject to the levy of Special Taxes. See "SPECIAL RISK FACTORS — Property Value."

In addition to the foregoing, the values of individual parcels in the District vary significantly. No assurance can be given that should Special Taxes levied on one or more of the parcels in the District become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel's delinquent Special Taxes. See "SPECIAL RISK FACTORS — Property Value" and "SPECIAL RISK FACTORS — Insufficiency of Special Taxes."

Limited Obligation

Although the unpaid Special Taxes constitute liens on the Taxable Property within the District on which they are levied, they do not constitute a personal indebtedness of any owners of the Taxable Property. There is no assurance that the Master Developer, which is the initial entity responsible for payment of the Special Taxes until property in the District is sold to homebuilders and/or homes and townhomes are built and sold to home buyers, will be financially able to pay the Special Taxes levied on their property in the District or that it will pay the Special Taxes even though financially able to do so.

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE CITY OR THE STATE OF CALIFORNIA OR OF ANY OF THEIR RESPECTIVE POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2025 BONDS. EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2025 BONDS. THE 2025 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE CITY FOR THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

Issuance of Additional Bonds

The City may in the future incur additional bonded indebtedness that is secured by a lien on the Special Tax Revenues and on the funds pledged under the Fiscal Agent Agreement for the payment of the 2025 Bonds on a parity with the 2025 Bonds ("Parity Bonds"), subject to the applicable provisions of the Fiscal Agent Agreement, which include a valuation test and a Special Tax coverage test (except for Refunding Bonds that are to be Parity Bonds). The Fiscal Agent Agreement allows for the issuance of Parity Bonds in a principal amount of up to $43,850,000* (which is an amount equal to the difference between the $75,000,000 bonded indebtedness limit of the District, and the initial principal amount of the 2025 Bonds) to provide additional financing for the public improvements authorized to be funded by the District (the "Improvements"), and otherwise that are Refunding Bonds. See "SECURITY FOR THE 2025 BONDS — Issuance of Additional Bonds." However, it is not expected that any issue of Parity Bonds to provide additional financing for the Improvements will be substantially less than such additional bonded indebtedness capacity of the District. See "PLAN OF FINANCING — Overview."

Bondowners' Risks

THIS LIMITED OFFERING MEMORANDUM IS FURNISHED SOLELY FOR THE PURPOSE OF CONSIDERATION OF AN INVESTMENT IN THE 2025 BONDS BY SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

Continuing Disclosure

For purposes of complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), the City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") certain annual financial information and notice of certain significant events. These covenants have been made in order to assist the Underwriter in complying with the Rule. See "CONTINUING DISCLOSURE — The City" and Appendix E – "Form of Continuing Disclosure Agreement of the City" for a description of the specific nature of the annual reports and notices of significant events, as well as

the terms of the Continuing Disclosure Agreement to which the City will be a party and pursuant to which such reports and notices are to be made.

The Master Developer has agreed to enter into a separate Continuing Disclosure Agreement – Master Developer pursuant to which it will provide certain information on an annual and a semi-annual basis and notice of certain events relative to property in the District it owns. The obligation of the Master Developer to provide such information will terminate on the date on which less than twenty percent (20%) of the expected aggregate annual Special Tax levy will be on the Taxable Property in the District owned by the Master Developer, or with respect to property for which another entity has assumed its disclosure obligations. See "CONTINUING DISCLOSURE — The Master Developer," and see Appendix F — "Form of Continuing Disclosure Agreement – Master Developer" for the complete text of the Continuing Disclosure Agreement – Master Developer.

Other Information

This Limited Offering Memorandum speaks only as of its date, and the information contained in this Limited Offering Memorandum is subject to change without notice. Except where otherwise indicated, all information contained in this Limited Offering Memorandum has been provided by the City on behalf of the District.

Copies of the Fiscal Agent Agreement and certain other documents referenced in this Limited Offering Memorandum are available for inspection at the office of, and (upon written request and payment to the City of a charge for copying, mailing and handling) are available for delivery from, the City's Director of Operations, c/o City of Palmdale, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

PLAN OF FINANCING

Overview

The District was formed for the purpose of providing financing for costs of the Improvements necessitated by development occurring in and in the vicinity of the District, including street, storm drain, sanitary sewer, landscaping, public parks and water system improvements. The City, for and on behalf of the District, has entered into an Acquisition Agreement (A-8174) with the Master Developer, dated as of November 1, 2022 (as amended by a Supplement No. 1 to Acquisition Agreement, dated as of February 1, 2025, the "Acquisition Agreement"), pursuant to which the City has agreed to use proceeds of Bonds issued for the District to pay costs of the construction by the Master Developer of the Improvements. See "THE DEVELOPMENT AND THE DISTRICT — The Improvements."

While certain infrastructure improvements in the District have been completed, the physical construction of the Improvements to be financed with proceeds of the 2025 Bonds, including certain public infrastructure needed for the construction of homes on the property in the District, has not yet been commenced by the Master Developer. The costs of the Improvements to be initially constructed pursuant to the Acquisition Agreement are estimated by the Master Developer to be $78,159,023. The Master Developer anticipates commencing physical construction of the Improvements following the issuance of the 2025 Bonds, with buildout of the property in the District over a five year period. See "PLAN OF FINANCING — Sources and Uses of Funds" and "THE DEVELOPMENT AND THE DISTRICT — The Improvements."

The principal amount of the 2025 Bonds has been sized to leverage the annual Special Tax Revenues expected to be derived from the 553 detached single family homes expected to be constructed in Phase 1A of the Development and the 135 detached single family homes expected to be constructed in Phase 1B of the Development, after deduction of the Minimum Administrative Expense Requirement, with at least 110% coverage of debt service on the 2025 Bonds.

The Fiscal Agent Agreement allows for the issuance of Parity Bonds in a principal amount of up to $43,850,000* (which is an amount equal to the difference between $75,000,000 bonded indebtedness limit of the District, and the initial aggregate principal amount of the 2025 Bonds of $31,150,000*), and otherwise that are Refunding Bonds, which Parity Bonds will be secured on a parity with the 2025 Bonds. Proceeds of any Parity Bonds that are not used for refunding purposes will be available to pay additional costs of the Improvements pursuant to the Acquisition Agreement. However, given the Maximum Special Tax rates for the Taxable Property, it is projected that proceeds of Parity Bonds available to pay costs of the Improvements may be only approximately $14,500,000 (based on the projected Maximum Special Taxes from the 492 townhomes that may be constructed in Phase 1B of the Development), so that the Master Developer will need to access other funds to complete the Improvements. See "THE DEVELOPMENT AND THE DISTRICT — The Master Developer – Financing Plan" and "–Plan for Development in the District."

In addition to providing financing for the Improvements, proceeds of the 2025 Bonds will also be used to fund the Reserve Fund for the 2025 Bonds, make a deposit to a Capitalized Interest Account to pay interest on the 2025 Bonds through September 1, 2026, to fund administrative expenses related to the District and to pay the costs of issuance of the 2025 Bonds.

Sources and Uses of Funds

The sources and uses of funds in connection with the 2025 Bonds are as follows:

Principal of Bonds	$
Less: Underwriter's Discount	
Total Sources	$
Deposit to Improvement Fund	$
Deposit to Reserve Fund	
Deposit to Costs of Issuance Fund	
Deposit to Capitalized Interest Account	
Deposit to Administrative Expense Fund	
Total Uses	$

(1) To be used to finance costs of public facilities authorized to be funded by the District. See "PLAN OF FINANCING — Overview" and "THE DEVELOPMENT AND THE DISTRICT — The Improvements."
(2) Equal to the initial Reserve Requirement. See "SECURITY FOR THE 2025 BONDS — Reserve Fund."
(3) Costs of issuance include, without limitation, Municipal Advisor fees and expenses, Fiscal Agent fees and expenses, Bond Counsel and Disclosure Counsel and other legal fees and expenses, and printing costs.
(4) Equal to the interest due on the 2025 Bonds through and including September 1, 2026.
(5) To be used to pay costs of administering the District.

THE 2025 BONDS

Authority for Issuance

Pursuant to the Law, on October 24, 2022, the City Council adopted Resolution No. CC 2022-109 establishing the District ("Resolution of Formation"). Also on October 24, 2022, the then sole owner of the property in the District (being the Master Developer), and thereby the qualified elector for the District, voted in favor of the issuance of up to $75,000,000 principal amount of bonded indebtedness by the City for the District to finance the Improvements, and approved the levy of the Special Taxes pursuant to the Rate and Method on Taxable Property in the District. See "THE DEVELOPMENT AND THE DISTRICT — History of the District."

The 2025 Bonds are authorized to be issued pursuant to the Law, Resolution No. CC 2024-___ adopted on November 20, 2024, by the City Council, acting as the legislative body of the District, and the Fiscal Agent

* Preliminary, subject to change.

Agreement. The Special Taxes to be used to pay debt service on the 2025 Bonds will be levied in accordance with the Rate and Method.

General Provisions

The 2025 Bonds will be issued only as fully registered 2025 Bonds, in denominations of $250,000 or any integral multiple of $5,000 in excess thereof, and will bear interest at the rates per annum and will mature on the dates set forth on the inside cover page of this Limited Offering Memorandum. The 2025 Bonds will be dated the date of their issuance and interest will be payable on each Interest Payment Date, commencing September 1, 2025.

Each 2025 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2024, in which event it will bear interest from the date of issuance of the 2025 Bonds; provided, however, that if, as of the date of authentication of any 2025 Bond, interest thereon is in default, such 2025 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The term "Record Date" as defined in the Fiscal Agent Agreement means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

The 2025 Bonds will be payable both as to principal and interest, and as to any premium upon the redemption thereof, in lawful money of the United States of America. The principal of the 2025 Bonds and any premium due upon the redemption thereof will be payable by check of the Fiscal Agent upon presentation and surrender of the applicable 2025 Bonds at the Principal Office of the Fiscal Agent. Interest with respect to each Bond will be computed using a year of 360 days comprised of twelve 30-day months.

The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only. Purchasers of the 2025 Bonds will not receive physical certificates representing their ownership interests in the 2025 Bonds purchased. Principal and interest payments represented by the 2025 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2025 Bonds. See Appendix G — "DTC and the Book-Entry Only System." *So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Limited Offering Memorandum to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the 2025 Bonds.*

Redemption

Optional Redemption. The 2025 Bonds are subject to optional redemption prior to their stated maturity on any date on or after September 1, 2035 as a whole, or in part by lot, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption. The 2025 Bonds are subject to mandatory sinking payment redemption in part on September 1, 2027, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (September 1)	Sinking Payments	Redemption Date (September 1)	Sinking Payments
2027		2046	$
2028		2047	
2029		2048	
2030		2049	
2031		2050	
2032		2051	
2033		2052	
2034		2053	
2035		2054	
2036		2055	
2037		2056	
2038		2057	
2039		2058	
2040		2059	
2041		2060	
2042		2061	
2043		2062	
2044		2063	
2045		2064 (maturity)	

The amounts in the foregoing tables will be reduced as a result of any prior partial redemption of the 2025 Bonds pursuant to the optional redemption or redemption from special tax prepayments provisions of the Fiscal Agent Agreement, so as to maintain to the extent practicable the same debt service profile for the Bonds as in effect prior to such redemption, as specified in writing by the City's Finance Director to the Fiscal Agent.

Mandatory Redemption From Special Tax Prepayments. The 2025 Bonds are subject to mandatory redemption prior to their stated maturity on any Interest Payment Date from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund (as described below under "SECURITY FOR THE 2025 BONDS — Reserve Fund"), as a whole, or in part by lot, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, together with accrued interest to the date fixed for redemption, and a premium (expressed as a percentage of the principal amount of the 2025 Bonds to be redeemed), as follows:

Redemption Dates	Redemption Premium
any Interest Payment Date to and including March 1, 2033	3%
September 1, 2033 and March 1, 2034	2
September 1, 2034 and March 1, 2035	1
September 1, 2035 and any Interest Payment Date thereafter	0

No assurance can be given regarding future prepayments of Special Taxes which, if they occur, could result in a redemption of 2025 Bonds prior to maturity. See the last paragraph under the heading "SECURITY FOR THE 2025 BONDS — Summary of Rate and Method" and "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Purchase of 2025 Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund or in the Special Tax Prepayments Account may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2025 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2025 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event

may 2025 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Priority of Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2025 Bonds or any given portion thereof pursuant to the optional redemption or redemption from Special Tax Prepayment provisions of the Fiscal Agent Agreement, the future sinking payment installments for the 2025 Bonds shall be reduced as directed in writing by the Finance Director (who shall reduce such sinking fund installments so as to maintain as much as practicable substantially the same debt service profile for the 2025 Bonds as in effect prior to such redemption), and in any event such 2025 Bonds to be redeemed shall be selected by the Fiscal Agent by lot. For purposes of selection of 2025 Bonds to be redeemed, all 2025 Bonds shall be deemed to be comprised of separate $5,000 portions, and such portions shall be treated as separate 2025 Bonds that may be separately redeemed.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services (or by such other means as permitted by such services), and to the respective registered Owners of any 2025 Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2025 Bonds. The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2025 Bonds are to be called for redemption, will designate the CUSIP numbers and Bond numbers of the 2025 Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or will state that all 2025 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2025 Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such 2025 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2025 Bonds will not accrue after the redemption date.

Notwithstanding the foregoing, any notice of redemption in connection with an optional redemption of 2025 Bonds may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2025 Bonds on the anticipated redemption date, and that the redemption will not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2025 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2025 Bonds to be redeemed, the Fiscal Agent will send written notice to the owners of the 2025 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2025 Bonds for which notice of redemption was given will remain Outstanding for all purposes of the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2025 Bonds so called for redemption have been deposited in the Bond Fund, such 2025 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date.

Tender of 2025 Bonds in Payment of Special Taxes. The City has covenanted in the Fiscal Agent Agreement not to permit the tender of 2025 Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal or and interest on the Bonds that will remain Outstanding following such tender.

Transfer or Exchange of 2025 Bonds

General. So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2025 Bonds shall be made in accordance with DTC procedures. See Appendix G — "DTC and the Book-Entry Only System." If the book-entry only system for the 2025 Bonds is ever discontinued, any 2025 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2025 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2025 Bond or 2025 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2025 Bond or 2025 Bonds, for a like aggregate principal amount of 2025 Bonds of Authorized Denominations. The Fiscal Agent has no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Fiscal Agent Agreement or under applicable law with respect to any transfer of any interest in any Bond (including any transfers between or among Depository participants or beneficial owners of interests in any Bond) other than to require delivery of such certificates and other documentation or evidence as is expressly required by, and to do so if and when expressly required by the terms of the Fiscal Agent Agreement, and to examine the same to determine substantial compliance as to form with the express requirements thereof. Neither the Fiscal Agent nor any agent has any responsibility or liability for any actions taken or not taken by DTC. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2025 Bonds will be required to be made (i) within the 15 days prior to the date designated by the Fiscal Agent as the date for selecting 2025 Bonds for redemption, or (ii) with respect to any 2025 Bond after such 2025 Bond has been selected for redemption.

Restrictions on Transfers. The Fiscal Agent Agreement provides that no transfers of the 2025 Bonds shall occur unless the following conditions, as applicable, have been satisfied:

(i) Until such time as an Authorized Officer has certified in writing to the Fiscal Agent that the requirements described in paragraph (ii) below have been met, the 2025 Bonds may only be transferred: (a) in denominations of $250,000 principal amount or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $250,000; (b) to a transferee that has provided to the City and the Fiscal Agent a certificate substantially in the form of the Investor's Letter attached as Exhibit B to the Fiscal Agent Agreement; and (c) to a transferee that is a qualified institutional buyer, as defined in Rule 144A of the Securities Act, as represented in paragraph 1 of the Investor's Letter.

Notwithstanding the foregoing, the foregoing provisions of clauses (b) and (c) shall not apply to transfers to or from (x) PHCC LLC (d/b/a Preston Hollow Community Capital), a Delaware limited liability company, and any successor thereto ("PHCC"), (y) an Affiliate (as defined in the Fiscal Agent Agreement) of PHCC, or (z) a trust or other custodial arrangement established by PHCC or an Affiliate thereof (such as a tender option bond trust or similar securitization vehicle) pursuant to which 2025 Bonds owned by PHCC or an Affiliate thereof are held, the beneficiaries of which trust or other custodial arrangement are required to be qualified institutional buyers, as defined in Rule 144A of the Securities Act.

(ii) From and after the date on which an Authorized Officer has certified in writing to the Fiscal Agent that (a) the then District Value to Outstanding principal of the Bonds is at least 3:1 as certified by an Independent Financial Consultant (see "SECURITY FOR THE 2025 BONDS — Issuance of Additional Bonds" for the definition of District Value), (b) all City land use entitlements and necessary zoning for the development of at least 1,180 single family homes in the District, as required by applicable City ordinances and rules and regulations, have been obtained; and (c) RdR Development Holdings, LLC is current in any reporting requirements under any continuing disclosure obligation entered into by it on the Closing Date related to its activities in the District (the Finance Director may rely on a certificate of

the dissemination agent under such obligation as to the foregoing); then the 2025 Bonds may be transferred: (x) in denominations of $100,000 principal amount or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $100,000; and (y) the transferee must be a qualified institutional buyer, as defined in Rule 144A of the Securities Act, or an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

Discontinuance of DTC Services

DTC may determine to discontinue providing its services with respect to the 2025 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2025 Bonds are Outstanding, and discharging its responsibilities with respect to the 2025 Bonds under applicable law. The City may terminate the services of DTC with respect to the 2025 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2025 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners. The City will mail any such notice of termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the 2025 Bonds that they obtain certificated bonds, the 2025 Bonds will no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners designate at that time, in accordance with the Fiscal Agent Agreement.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, the 2025 Bonds will be delivered to such Beneficial Owners as soon as practicable in accordance with the Fiscal Agent Agreement.

Scheduled Debt Service

The following is the debt service schedule for the 2025 Bonds, assuming no optional redemption or any redemption with proceeds of Special Tax Prepayments of the 2025 Bonds:

Period Ending September 1	Principal[(1)]	Interest	Total
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
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2051
2052
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2054
2055
2056
2057
2058
2059
2060
2061
2062
2063
2064
Totals

(1) Payable as mandatory sinking payments. See "THE 2025 BONDS — Redemption-Mandatory Sinking Payment Redemption."

SECURITY FOR THE 2025 BONDS

INVESTMENT IN THE 2025 BONDS IS LIMITED TO SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

TRANSFERS OF THE 2025 BONDS ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE RULE 144A OF THE SECURITIES ACT. IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE 2025 BONDS, INCLUDING THE MERITS AND RISKS INVOLVED. THE INFORMATION AND EXPRESSION OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE IN CONNECTION WITH THE 2025 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

General

Pursuant to the Fiscal Agent Agreement, the 2025 Bonds are secured by a pledge of all of the Special Tax Revenues as described below (other than the first Special Tax Revenues in the amount of the Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses), and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, the Special Tax Fund. "Special Tax Revenues," as defined in the Fiscal Agent Agreement, means the proceeds of the Special Taxes received by the City, including any scheduled payments and 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 Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2025 Bonds in accordance with the Fiscal Agent Agreement until all of the 2025 Bonds have been paid or defeased.

The Fiscal Agent Agreement provides for a Capitalized Interest Account within the Bond Fund established under the Fiscal Agent Agreement. The amount deposited to the Capitalized Interest Account from the proceeds of the 2025 Bonds will be an amount sufficient to pay the interest due on the 2025 Bonds through and including September 1, 2025. See "PLAN OF FINANCING — Sources and Uses of Funds."

Amounts in the Administrative Expense Fund, in the Improvement Fund and in the Costs of Issuance Fund, and amounts in the Special Tax Fund to be retained by the City or deposited to the Administrative Expense Fund to be used to pay Administrative Expenses, are not pledged to the repayment of the 2025 Bonds. The Improvements are not pledged to pay the debt service on the 2025 Bonds. The proceeds of any funds realized following condemnation or destruction of any of the Improvements are not pledged to pay the debt service on the 2025 Bonds.

Limited Obligation

The 2025 Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues (other than the first Special Tax Revenues in the amount of the Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses), and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund created pursuant to the Fiscal Agent Agreement.

In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2025 Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Special Tax Fund and the Reserve Fund, and the proceeds, if any, from foreclosure sales of parcels with delinquent Special Taxes levies.

Special Taxes

The Rate and Method is set forth in its entirety in Appendix B. The Rate and Method provides for the levy of "Special Taxes" in order to fund the "Annual Special Tax Requirement," which includes the amounts needed to pay the debt service on the Bonds, to pay the costs of administering the District, to replenish any draws on the Reserve Fund, and to account for reasonably anticipated delinquencies in the payment of Special Taxes. The first Special Tax levy will be for fiscal year 2025-26, for debt service due on the 2025 Bonds in calendar year 2026 and for administrative expenses of the District. The Special Taxes levied on any parcel of Taxable Property may not exceed the applicable maximum amount as provided in the Rate and Method. See "SECURITY FOR THE 2025 BONDS — Summary of Rate and Method."

The Special Taxes levied on Taxable Property will be payable and will be collected in the same manner, at the same time and in the same installment as the County ad valorem taxes on property levied on the secured tax roll, and pursuant to the Law will have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the taxes levied on the County secured tax roll. Notwithstanding the foregoing, the Special Taxes may be collected at a different time or in a different manner if necessary to meet the District's financial obligations.

Although the Special Taxes will constitute a lien on parcels of Taxable Property within the District, they do not constitute a personal indebtedness of the owners of the property within the District. Pursuant to the Law, in the event of any delinquency in the payment of the Special Tax on a parcel of Taxable Property, the City may order the institution of a superior court action to foreclose the lien on the parcel of Taxable Property within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale. The Law provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as ad valorem property taxes. See "SECURITY FOR THE 2025 BONDS — Summary of Rate and Method," "SECURITY FOR THE 2025 BONDS — Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

Other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future. See "THE DEVELOPMENT AND THE DISTRICT — Direct and Overlapping Governmental Obligations" and "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments." There is no assurance that any owner of a parcel subject to the Special Tax levy will be financially able to pay the annual Special Taxes or that it will pay such taxes even if financially able to do so. See "SPECIAL RISK FACTORS."

Special Tax Fund

Deposit of Special Tax Revenues. The Special Tax Fund is established by the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent. The Fiscal Agent Agreement provides that there shall be deposited to the Special Tax Fund all Special Tax Revenues received by the City, which the City has agreed in the Fiscal Agent Agreement to transfer, as soon as practicable following receipt by the City, to the Fiscal Agent.

Notwithstanding the foregoing,

(i) with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year (see "INTRODUCTION — Security for the 2025 Bonds – Pledge Under the Fiscal Agent Agreement" for the definition of "Minimum Administrative Expense Requirement"); first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City (and the City shall so use such amount to pay Administrative Expenses); and second, any remaining portion of such amount shall be separately identified by the City and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the City and shall be deposited by the Fiscal Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to the Special Tax Fund for use as described below; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the City and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in Section I of the Rate and Method) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed, and if the Improvement Fund has been closed, then

such amount shall be retained by the City to be used to pay costs of the Improvements; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account within the Bond Fund to be used to redeem Bonds pursuant to the Fiscal Agent Agreement (see "THE 2025 BONDS — Redemption – Mandatory Redemption From Special Tax Prepayments").

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

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

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers under the Fiscal Agent Agreement from the Improvement Fund, the Reserve Fund and the Special Tax Fund to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any mandatory sinking payment or principal due on the Bonds pursuant to optional or special tax prepayment redemptions), premium, if any, and interest due on the Bonds on the next Interest Payment Date or date of optional redemption of the Bonds, as applicable, and

(ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement;

provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund, to the Administrative Expense Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

Summary of Rate and Method

The Rate and Method is used to allocate the amount of the Special Taxes that is needed to be collected each fiscal year to fund the Annual Special Tax Requirement among the Taxable Property within the District based upon the development status of the Taxable Property and the building square footage and lot square feet of the applicable property, subject to specified maximum tax rates. The Rate and Method is set forth in full in Appendix B and the following is a summary of the Rate and Method. Capitalized terms used below and not otherwise defined in this Limited Offering Memorandum or in the Fiscal Agent Agreement have the meanings given to them in the Rate and Method.

The Rate and Method classifies all Taxable Property, i.e., all Assessor's Parcels in the District not exempt pursuant to law or the Rate and Method from the levy of the Special Taxes, into five categories: Developed Property, Final Map Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property. Developed Property includes Taxable Property for which a Building Permit for new construction was issued by the City prior to March 1 of the preceding Fiscal Year. Final Mapped Property includes, in any Fiscal Year, Taxable Property, exclusive of Developed Property, Taxable Public Property or Taxable Property Owner Association Property, for which a Final Subdivision Map (that creates individual lots for which Building Permits may be issued without further subdivision) has been recorded prior to January 1 of the

preceding Fiscal Year. Taxable Public Property and Taxable Property Association Property include Public Property in excess of 120.70 acres of Public Property and Property Association Property in excess of 35.20 acres of such property, respectively. All of the Taxable Property in the District is currently Undeveloped Property.

The amount of Special Taxes that the District may levy on each parcel of Taxable Property is limited by the Maximum Special Tax applicable to the property, which is the greater of the applicable Assigned Special Tax or Backup Special Tax. Under the Rate and Method, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Map Property increases each July 1, commencing July 1, 2026 through and including July 1, 2038, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year. Assigned Special Tax rates for Developed Property for Fiscal Year 2024-25 for the various tracts of Taxable Property in the District are as set forth in Table 1 and Table 2 below. The Backup Special Tax applicable to an Assessor's Parcel of Taxable Property is determined pursuant to the provisions of Section C.1.b. of the Rate and Method based on the acreage of the Taxable Property as described in the Rate and Method.

The maximum Assigned Special Taxes for Fiscal Year 2024-25 for each Land Use Class of Developed Property in the District is shown in Tables 1 and 2 below.

TABLE 1
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Assigned Special Tax for Developed Property and Final Map Property
for Tracts: _____, _____ and _____ for Fiscal Year 2025/26

Land Use Class	Expected Land Use[(1)]	Building Square Feet	Lot Square Feet	Assigned Special Tax[(2)]
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$_____ per Unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$_____ per Unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$_____ per Unit
2-B	Single Family Detached Property	= 2,300 - < 2,600 BSF	<= 5,999 LSF	$_____ per Unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$_____ per Unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$_____ per Unit
2-C	Single Family Detached Property	= 3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$_____ per Unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$_____ per Unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$_____ per Unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$_____ per Unit
1-E	Accessory Dwelling Unit	N/A	N/A	See below
2-E	Non-Residential Property [(1)]	N/A	N/A	$_____ per Acre

(1) Expected Land Uses are based on the Rate and Method of Apportionment.
(2) _____.
Source: RdR Development Holdings, LLC, NBS.

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

1. 800 BSF / 2,000 BSF = 0.40 or 40%; and

2. $_____ Assigned Special Tax per Unit x 40% = $_____ Assigned Special Tax for such ADU.

TABLE 2
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Assigned Special Tax for Developed Property
Final Subdivision Map for All Other Tracts
for Fiscal Year 2025/26

Land Use Class	Expected Land Use[1]	Building Square Feet	Lot Square Feet	Assigned Special Tax[2]
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$2,692.56 per Unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$2,140.10 per Unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$3,519.67 per Unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$3,172.18 per Unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$2,758.10 per Unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$4,253.16 per Unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$3,977.45 per Unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$3,563.37 per Unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$4,597.79 per Unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$4,037.79 per Unit
1-E	Accessory Dwelling Unit	N/A	N/A	See below
2-E	Non-Residential Property	N/A	N/A	$23,441.25 per Acre

(1) Expected Land Uses are based on the Rate and Method of Apportionment.
(2) On each July 1, commencing on July 1, 2026 and ending on July 1, 2038, the Assigned Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.
Source: RdR Development Holdings, LLC, NBS.

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

1. 800 BSF / 2,000 BSF = 0.40 or 40%; and

2. $2,692.56 Assigned Special Tax per Unit x 40% = $1,077.02 Assigned Special Tax for such ADU.

Tracts _____, _____ and _____ include ___ of the single family detached homes currently expected to be constructed on the Taxable Property in Phase 1A of the Development and all other tracts include the remainder of the Taxable Property in Phase 1A of the Development currently anticipated to be developed with an additional _____ single family detached homes and all of the Taxable Property in Phase 2 of the Development currently expected to be developed with _____ detached single family homes and ___ townhomes.

The Maximum Special Tax for each Assessor's Parcel of Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property is $23,441.25 per Acre for Fiscal Year 2025-26. On each July 1, commencing on July 1, 2026 through and including July 1, 2038, such Maximum Special Tax will increase by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Each Fiscal Year, commencing with Fiscal Year 2025-26, the CFD Administrator determines the Special Tax Requirement and will levy the Special Taxes until the total Special Tax levy equals the Annual Special Tax Requirement. The Annual Special Tax Requirement is defined in the Rate and Method as the amount required in any Fiscal Year for the District to (i) pay the Debt Service on all Outstanding 2025 Bonds and any Parity Bonds

due in the Debt Year that commences in such Fiscal Year, (ii) pay debt service on bonds expected to be issued for the District due in the Debt Year that commences in such Fiscal Year; (iii) pay Administrative Expenses, (iv) provide any amount required to establish or replenish a reserve fund in connection with any Bonds, (v) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Law, and without duplicating any amounts described in clauses (iii) or (iv). The amounts referred to in the preceding sentence may be reduced in any Fiscal Year by (i) surplus balances in funds and accounts for Bonds to the extent that such balances are available to apply against Debt Service pursuant to the Fiscal Agent Agreement, (ii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iii) any other revenues available to pay Debt Service on outstanding Bonds or other indebtedness as determined by the CFD Administrator.

The Rate and Method provides that certain property in the District will be exempt from the levy of the Special Tax, including 35.20 acres of property classified as Property Owner Association Property and 120.70 acres of property classified as Public Property, and certain Welfare Exempt Property.

The Rate and Method includes a Section J, entitled "Special Tax Reduction" that provided for the reduction, in certain circumstances, of the Maximum Special Taxes for some of the land use classes prior to the issuance of the 2025 Bonds so that Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%. The Maximum Special Taxes in Tables 1 and 2 above reflect such provisions.

Under the Rate and Method, the City will levy the Special Taxes in six steps, in the following order, until the amount of the levy equals the amount needed to be collected to satisfy the Annual Special Tax Requirement. The City will:

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

Second: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at a rate up to 100% of the Maximum Special Tax for Final Map Property to satisfy the Annual Special Tax Requirement.

Third: If additional monies are needed to satisfy the Annual Special Tax Requirement after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at a rate up to 100% of the Maximum Special Tax for Undeveloped Property to satisfy the Annual Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the applicable Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Fifth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property at a rate up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property to satisfy the Annual Special Tax Requirement.

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

The term "Proportionately" as used in the above steps means, for Developed Property and Final Map Property, that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal.

The Rate and Method also provides that the Special Taxes may be levied for no more than 60 years from the initial levy of the Special Tax. In any event no Special Tax is authorized to be levied after the 2083/84 Fiscal Year.

The Special Taxes obligation applicable to a parcel of Taxable Property within the District may be prepaid and the obligation to pay any Special Taxes for such Taxable Property may be fully or partially satisfied as described in the Rate and Method. See Section I – Prepayment of Special Tax in the Rate and Method in Appendix B. No assurance can be given that partial or full prepayments of Special Taxes will not occur in the future. Prepayments of Special Taxes will result in a mandatory redemption of the 2025 Bonds. See "THE 2025 BONDS — Redemption – Mandatory Redemption From Special Tax Prepayments" and "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Reserve Fund

The Fiscal Agent Agreement establishes a debt service reserve fund (the "Reserve Fund") as a separate fund to be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds (which include the 2025 Bonds and any Parity Bonds), as a reserve for the payment of principal of, and interest and any premium on, the Bonds and moneys in the Reserve Fund are subject to a lien in favor of the Owners of the Bonds. The Reserve Fund is required by the Fiscal Agent Agreement to be funded in an amount equal to the Reserve Requirement, which amount is, as of any date of calculation, an amount equal to one-half of the least of (i) the then Maximum Annual Debt Service, (ii) the then one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the 2025 Bonds. The Reserve Requirement as of the date of issuance of the 2025 Bonds will be $_____, and that amount will be deposited to the Reserve Fund from proceeds of the 2025 Bonds. See "PLAN OF FINANCING — Sources and Uses of Funds."

Except as otherwise provided in the Fiscal Agent Agreement (with respect to the use of moneys in the Reserve Fund for the payment of any rebate liability due to the federal government, and the use of excess moneys in the Reserve Fund to pay debt service on the Bonds), all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds. See Appendix C — "Summary of the Fiscal Agent Agreement — Funds and Accounts – Reserve Fund."

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 Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. In the event that the amount transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City to be used for any lawful purpose under the Law. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund for the foregoing purposes until after (i) amounts in the Reserve Fund are withdrawn, at the written request of the Treasurer, for purposes of making any rebate payment due to the federal government in accordance with the Fiscal Agent Agreement following payment of the Bonds, and (ii) payment of any fees and expenses due to

the Fiscal Agent. See Appendix C — "Summary of Fiscal Agent Agreement – Funds and Accounts – Reserve Fund."

Covenant for Superior Court Foreclosure

Foreclosure Under the Law. Pursuant to the Law, in the event of any delinquency in the payment of the Special Tax on any Taxable Property, the City may order the institution of a superior court action to foreclose the lien on the taxed parcel within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale.

City Foreclosure Covenant. Judicial foreclosure proceedings in the event of delinquent Special Taxes are not mandatory. However, the City has covenanted in the Fiscal Agent Agreement for the benefit of the Bondowners that it will order, and cause to be commenced as described below, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as described in the following paragraphs.

On or about August 15 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and:

(A) *Individual Delinquencies*. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment Special Taxes in the greater of (i) the aggregate amount of $5,000 or more, or (ii) the payment of four or more installments of Special Taxes levied on such parcel, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured), foreclosure proceedings shall be commenced by the City against the delinquent parcel within 90 days of such determination and shall be diligently pursued by the City to completion.

(B) *Aggregate Delinquencies*. If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Finance Director shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and the City shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

Notwithstanding the foregoing, the Finance Director may defer any mailing of notices of delinquency or foreclosure action if the amount in the Reserve Fund is at least equal to the Reserve Requirement.

No assurance can be given as to the time necessary to complete any foreclosure sale or that any foreclosure sale will be successful. See "SPECIAL RISK FACTORS — Proceeds of Foreclosure Sales." The City is not required to be a bidder at any foreclosure sale.

In a foreclosure proceeding the City is entitled to recover penalties and interest on the delinquent Special Taxes through the date that an order of sale is entered. However, under the Fiscal Agent Agreement, the Special Taxes pledged to the payment of the Bonds do not include any such penalties and interest collected by the City that are in excess of the rate of interest payable on the Bonds. Also it should be noted that prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete payment of delinquent Special Taxes.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. Subject to the maximum rates, the Rate and

Method is designed to generate from all Taxable Property within the District the current year's debt service on the 2025 Bonds, administrative expenses, and replenishment of the Reserve Fund to the Reserve Requirement. If foreclosure proceedings are necessary, however, and the Reserve Fund has been depleted, there could be a delay in payments to owners of the 2025 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale.

The ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See "SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties."

No assurance can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the City for the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure).

Section 53356.6 of the Law provides that property sold pursuant to foreclosure under the Law may not be sold for less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, without the consent of the owners of 75% by value of the outstanding Bonds. However, under Section 53356.6 of the Law, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the Bond Fund for the Bonds, within 24 months after the date of the foreclosure sale. Neither the Law nor the Fiscal Agent Agreement requires the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale, and the City has no intent to be such a purchaser.

The City will levy the Special Tax to pay the current year's debt service on the 2025 Bonds and related administrative expenses, and to replenish the Reserve Fund to the Reserve Requirement, subject to Maximum Special Tax rates. However, if superior court foreclosure proceedings are necessary to collect delinquent Special Taxes, and if the Reserve Fund has been depleted, there could be a delay in payments of principal of and interest on the 2025 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. See "SPECIAL RISK FACTORS — Bankruptcy Delays" and " — Proceeds of Foreclosure Sales."

No Teeter Plan

Collection of the Special Taxes is not subject to the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds," as provided for in Section 4701 *et seq*. of the California Revenue and Taxation Code (known as the "Teeter Plan"). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any.

Investment of Moneys

Except as otherwise provided in the Fiscal Agent Agreement, all moneys in any of the funds or accounts established pursuant to the Fiscal Agent Agreement will be invested by the Fiscal Agent solely in Permitted Investments, as directed by the City. See Appendix C — "Summary of the Fiscal Agent Agreement" for a

definition of "Permitted Investments" and for additional provisions regarding the investment of funds held under the Fiscal Agent Agreement.

Issuance of Additional Bonds

Parity Bonds. The Fiscal Agent Agreement authorizes the City to issue one or more series of Parity Bonds. Subject to meeting the conditions summarized below, the Parity Bonds will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agreement.

The City may issue the Parity Bonds subject to the following specific conditions precedent, as set forth in the Fiscal Agent Agreement:

(A) *Current Compliance*. The City must be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements.

(B) *Payment Dates*. The interest on the Parity Bonds must be payable on March 1 and September 1, and principal of the Parity Bonds must be payable on September 1 in any year in which principal is payable (provided that there is no requirement that any Parity Bonds pay interest on a current basis).

(C) *Funds and Accounts; Reserve Fund Deposit*. The Supplemental Agreement providing for the issuance of the Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund in an amount necessary so that the amount on deposit in the Reserve Fund following the issuance of such Parity Bonds, is equal to the Reserve Requirement.

(D) *Aggregate Value-to-Lien Ratio*. From and after the conditions listed in clauses (a) through (d) of paragraph (ii) under the heading "THE 2025 BONDS — Transfer or Exchange of 2025 Bonds – Restrictions on Transfers" have been satisfied, the District Value shall be at least three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) *The Special Tax Coverage*. The City shall obtain a certificate of a Tax Consultant to the effect that (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Parity Bonds plus estimated Administrative Expenses, and (ii) based upon the Special Taxes that may be levied under the Rate and Method, the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds is not less than the Outstanding principal amount of the Bonds and such Parity Bonds.

(F) *Officer's Certificate*. The City must certify to the Fiscal Agent that the conditions for the issuance of Parity Bonds described above in the Fiscal Agent Agreement have been satisfied. The City

can conclusively rely on certificates of the Fiscal Agent, the Tax Consultant and others in providing the certification.

Refunding Bonds. The City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of paragraphs (D) or (E) above, and, in connection therewith, the Officer's Certificate referred to in paragraph (F) above need not make reference to said paragraphs (D) and (E).

The term "District Value" referred to in (D) above and as used in the Fiscal Agent Agreement with respect to the transfer restrictions for the 2025 Bonds (see "THE 2025 BONDS — Transfer or Exchange of 2025 Bonds – Restrictions on Transfers"), means the market value as determined by reference to (i) an appraisal performed within three (3) months of, as applicable, (a) the date of issuance of any proposed Parity Bonds, or (b) a change in the transfer restrictions and Authorized Denominations of the 2025 Bonds, in each case by an MAI appraiser selected by the City, of the parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, or (ii), in the alternative as to some or all of the parcels, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of the foregoing definition or by reason of any exercise of discretion made by any appraiser pursuant to the foregoing definition.

Subordinate Bonds. The provisions of the Fiscal Agent Agreement do not in any way prohibit the City from issuing bonds or otherwise incurring debt secured by a pledge of Special Tax Revenues subordinate to the pledge of such Special Tax Revenues under the Fiscal Agent Agreement.

THE DEVELOPMENT AND THE DISTRICT

INVESTMENT IN THE 2025 BONDS IS LIMITED TO SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

TRANSFERS OF THE 2025 BONDS ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE RULE 144A OF THE SECURITIES ACT. IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE 2025 BONDS, INCLUDING THE MERITS AND RISKS INVOLVED. THE INFORMATION AND EXPRESSION OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE IN CONNECTION WITH THE 2025 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

Location and Description of the Development

The property included in the District consists of approximately 236 acres, constituting a portion of the larger, approximately 767 acre, Phase 1 of the proposed master-planned community known as Ritter Ranch (the "Development"), located in the south western portion of the City. The entire approximately 10,625 acre Development is currently planned to be a mixed use project that is expected to include over 7,500 acres of open space, along with residential, public facility, recreational, school and commercial uses. Certain land use entitlements for the property in the Development have expired, and the plans for the Development are subject to change. See "THE DEVELOPMENT AND THE DISTRICT — Location and Description of the Development." The property in the Development is currently owned by RdR Development Holdings, LLC (the "Master Developer"), a limited liability company for which PHCC LLC (d/b/a Preston Hollow Community Capital) is the sole member. See "THE DEVELOPMENT AND THE DEVELOPER — The Master Developer."

The Development is currently planned as a mixed-use project that is expected to incorporate residential, open space, public facility, recreational, school and commercial uses. As currently designed, Ritter Ranch will provide a range of housing opportunities, including multi-family housing. entry-level single-family homes, luxury and equestrian estate homes and senior housing. The current plans include community facilities and amenities such as day care centers, schools, a regional library, a fire station, churches, lakes, an outdoor amphitheater, an equestrian center, a swim center, a championship golf course and over eighty-five miles of regional trails.

A Specific Plan for the Development was approved by the City in 1992, and in that year an environmental impact report was certified by the City Council, that allowed for a master planned community consisting of 7,200 residences, 7,628 acres of open space and public utilities, recreational amenities, schools and commercial uses to support the community.

In 1995 the City entered into a Development Agreement with the then developer of the Development and approved six vesting tentative tract maps for the Development that were not recorded. Lots were graded and internal roadways for a portion of the Development were partially installed. The vesting tentative maps expired in 2017.

In 2004, a revised Development Agreement was approved for the Development, that subsequently expired in 2012. In 2006, the City approved additional vesting tentative tract maps for the Development that subsequently expired in 2019. Subsequent to the expiration, mass grading consistent with a prior vesting tentative tract map was completed, and backbone roads (Westland Drive and Ranch Center Drive) were installed. These roadways are currently open to public travel. Portions of the required perimeter walls along these roadways were also installed.

During the period from late 2016 to late 2018 no substantial development work occurred and the ownership of the Development changed hands.

In 2020, PHCC became the owner of the Development, following a transfer of the land in lieu of foreclosure, and transferred the land to the Master Developer. On September 1, 2020, the City Council adopted a resolution approving certain actions related to the Development, including financial agreements and land use approvals.

On February 10, 2022 the City Planning Commission approved Conditional Use Permit 22-001, Planned Development 21-001, and Vesting Tentative Tract Maps 51604, 51605, 51606, 51607, 52093, and 52116 for Phase 1 of the overall Development.

The Master Developer, PHCC LLC (d/b/a Preston Hollow Community Capital) and the City entered into a Phase 1 Interim Agreement – Ritter Ranch Development (A-7796) (the "Phase 1 Agreement") that requires that certain actions be taken by the Master Developer prior to the commencement of construction in the District. Those conditions include City Council confirmation that the RdR Phase 1 Entitlements (as defined therein) comply with

CEQA and mitigation in the Final EIR or supplemental, addendum or new environmental document and that the Master Developer provide the City with certain subdivision improvement agreements and supporting surety bonds. Those conditions have been satisfied; however, the Master Developer must obtain extensions of the posted surety bonds or replacements at or prior to the expiration of the current surety bonds.

The Phase 1 Agreement also requires the construction of certain improvements prior to the City providing the 321st building permit for homes in Phase 1A, including certain undergrounding, street and street light improvements, and allows for draws on the funds transferred from the 1995 Fiscal Agent Agreement (as defined in the Fiscal Agent Agreement) to the 1995 Account of the Improvement Fund (approximately $_____) and amounts held in an escrow account by a surety to be used to complete the required improvements. The Master Developer has advised that it expects to complete the subject improvements well before the need for the 321st building permit.

As currently designed, the Development will provide a range of housing opportunities, including multifamily housing, entry-level single-family homes, luxury and equestrian estate homes and senior housing. The current plans of the Master Developer include community facilities and amenities such as day care centers, schools, a regional library, a fire station, churches, lakes, an outdoor amphitheater, an equestrian center, a swim center, a championship golf course and over eighty-five miles of regional trails.

The Master Developer anticipates that the Development will be developed in four phases over a fourteen year period. Notwithstanding the foregoing, no assurance can be given with respect to the future construction of infrastructure improvements, housing and other physical facilities in the Development, and changes to the plans for such construction, as well as the ownership of all or a portion of the Development may occur without any requirement for notice to (except with respect to notice related to certain aspects of the development of the property in the District) or the consent of the owners of the 2025 Bonds. The property in the District is currently classified as Undeveloped Property in the Rate and Method.

History of the District

Pursuant to the Law, the City Council of the City, acting in its capacity as the legislative body for the District, adopted Resolution No. CC 2022-100 on September 21, 2022, stating its intention to establish the District and to levy the special tax within the District. On October 24, 2022, the City Council formed the District pursuant to its Resolution No. CC-2022-109, and adopted Resolution No. CC 2022-111 authorizing a special election with respect to the incurrence of indebtedness for the District and the levy of the Special Tax. Also on October 24, 2022, the then sole landowner in the District, the Master Developer (see "THE DEVELOPMENT AND THE DISTRICT — Land Ownership"), and thereby the sole qualified elector for the District, voted in favor of the incurrence of up to $75,000,000 principal amount of bonded indebtedness to finance the Improvements and approved the levy of Special Taxes and an appropriations limit for the District.

On October 24, 2022, the City Council adopted Ordinance No. 1597 providing for the levy of the Special Taxes on property in the District. On November 2, 2022, the City recorded a Notice of Special Tax Lien as Document No. 20221039610 in the Los Angeles County Recorder's Office, with respect to the lien securing the payment of the Special Taxes to be levied on property in the District.

On December 18, 2024, the City Council authorized the City to enter into Joint Community Facilities Agreements with the County of Los Angeles Waterworks District No. 40, Antelope Valley Region (the "County Water Agency") and with the Antelope Valley East Kern Water Agency with respect to various water system improvements needed for the development of the property in the District.

On November 6, 2024, the City Council, acting as the legislative body for the District, adopted Resolution No. CC 2024-___, of consideration to alter the then rate and method of apportionment of special taxes for the District, in order to change certain land use categories and Maximum Special Tax Rates for the Taxable Property in the District. On December 18, 2024, following a public hearing and vote by the Master Developer, as the sole

qualified elector of the District, the City Council adopted a Resolution declaring the results of the election, approved the Amended and Restated Rate and Method of Apportionment of Special Taxes for the District (referred to in this Limited Offering Memorandum as the "Rate and Method"), and directed the recording of an Amended and Restated Notice of Special Tax Lien for the District. The Amended and Restated Notice of Special Tax Lien was recorded in the Los Angeles County Recorder's Office on December __, 2024.

On November 20, 2024, the City Council, acting as the legislative body for the District, adopted Resolution No. CC 2024-___ authorizing the issuance of the 2025 Bonds, and approving related documents (including the Fiscal Agent Agreement) and actions.

The Improvements

The District is authorized to fund various public infrastructure improvements, including the following:

- Domestic water facilities, including but not limited to construction and installation of water distribution, treatment and storage facilities, pumpstations, irrigation lines and related appurtenances.

- Street improvements, including but not limited to construction and installation of streets, curbs, gutters, medians, traffic signals, street signs, street lights, entry monuments and appurtenances.

- Sanitary sewer facilities, including but not limited to construction and installation of sewer lines and related appurtenances.

- Storm control facilities, including but not limited to pipes, basins and treatment facilities.

- Installation of landscaping and related irrigation improvements in public rights of way, construction and development of parks, parkways and trails and installation of walls and fencing in public rights of way and related appurtenances.

- Recreational facilities, including fixtures and equipment.

- Water system improvements to be designated by the Los Angeles County Waterworks District No. 40 and the Antelope Valley – East Kern Water Agency otherwise to be financed with annexation and capital facilities fees and connection charges related to improvements to be constructed in the Ritter Ranch development.

- Flood control facilities related to the downstream flood control project identified as the Amargosa Recharge Facility that otherwise would be financed with capital facilities fees, connection charges or other permit fees.

- Fire control and suppression facilities, including buildings and related facilities that otherwise would be financed with capital facilities fees, connection charges or other permit fees.

- Sanitation district facilities, including sewer treatment, collection, transmission and reclamation facilities, sewer collection lines, wastewater treatment facilities, reclaimed water facilities, treated wastewater facilities and related and appurtenant facilities, and land, rights-of-way and easements necessary for any of such facilities, which facilities otherwise would be financed with capital facilities fees, connection charges or other permit fees.

The improvements eligible to be financed include the costs of design, engineering and planning, the costs of any environmental or other studies, surveys or reports, the cost of any required environmental mitigation, erosion control, grading, soils testing, permits, plan check and inspection fees, insurance, legal and related

overhead costs, coordination and supervision, City staff and consultant costs, and any other costs or appurtenances related to any of the public improvements to be financed or any of the foregoing.

See "THE DEVELOPMENT AND THE DISTRICT — Plan for Development in the District" for the Master Developer's current budget for the costs of the infrastructure improvements for the District.

Limitations on Development in the District

The City and the Master Developer, defined herein below, are parties to the Phase 1 Interim Agreement – Ritter Ranch Development (A-7796), dated April 20, 2022 (the "Interim Agreement"). The Interim Agreement provides for the Master Developer to undertake specified work in furtherance of the development of Phase 1 of Ritter Ranch, and requires that specified portions of the work be completed before, in some cases the commencement of construction, and in other cases before certain certificates of occupancy are to be provided by the City for homes to be constructed in Phase 1.

Below is a summary of milestones specified in the Interim Agreement. The Agreement effectively requires, in particular:

1. No construction is to commence until:

    a. The City Council has confirmed that the Master Developer Phase 1 Entitlements comply with CEQA and mitigation as provided in the Final EIR or any other subsequent, supplemental, addendum or new environmental document.

    b. The Master Developer shall provide the City with appropriate Subdivision Improvement Agreements with supporting surety bonds securing the applicable costs of improvements related to the applicable grading, street, sewer, drainage, or other plans for Elizabeth Lake Road, Ranch Center Drive required by Final Maps 51508-01 and 51508-02 and not otherwise covered In the Interim Agreement, including, without limitation, improvements for Final Map No 51508-2[1], Ranch Center Drive & Elizabeth Lake Road Undergrounding and Elizabeth Lake Road Street Improvements, in the amounts agreed between the Master Developer and the City.

    c. The Master Developer shall provide City with appropriate Subdivision Improvement Agreements with supporting surety bonds for the costs of improvements related to applicable grading, street, sewer, drainage, or other plans for Westland Drive and Ritter Ranch Road required by Final Map 51508-01 and 51508-2, and not otherwise covered In the Interim Agreement, including, without limitation, the Westland Drive & RRR Streetlight Improvements.

    d. The parties shall have executed appropriate Subdivision Improvement Agreements and the Master Developer has provided the City with appropriate Surety Bonds to replace the Lien Contracts.

2. Prior to the issuance of the 321st building permit in Phase 1A:

    a. The Master Developer shall complete, in their entirety, the Ranch Center Drive & Elizabeth Lake Road Undergrounding and ELR Street Improvements.

    b. The Master Developer shall complete the Westland Drive & Ritter Ranch Road Street Light Improvements, in their entirety.

The sources of funds to pay for certain of the work required by the Interim Agreement include funds held in the Improvement Fund ($2,755,967.79 as of February 22, 2024), and in the Elizabeth Lake Road Escrow.

[DESCRIPTION OF CONDITIONS WHICH HAVE CURRENTLY BEEN SATISFIED TO COME]

The Master Developer

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2025 Bonds and the District. No assurance can be given, however, that the Master Developer will or will not retain ownership of the property within the District. There may be material adverse changes in this information after the date of this Limited Offering Memorandum. Neither the 2025 Bonds nor any of 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 City may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. The 2025 Bonds are secured solely by the Special Tax Revenues and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See "SPECIAL RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the 2025 Bonds. The following information has been provided by the Master Developer. No representation is made by the City or the Underwriter as to the accuracy or adequacy of such information so provided.

RdR Development Holdings, LLC, a Delaware limited liability company (referred to in this Limited Offering Memorandum as the "Master Developer") is the owner and developer of the Ritter Ranch property and the remainder of the Development. The Master Developer is a wholly-owned subsidiary of PHCC, LLC (d/b/a Preston Hollow Community Capital) ("PHCC"). Founded in 2014 and headquartered in Dallas, Texas, PHCC is an independent specialty finance company with approximately $1.6 billion in permanent equity capital. PHCC is not guaranteeing any of the Master Developer's obligations with respect to the Development or any other obligations incurred in connection with the 2025 Bonds. Preston Hollow Community Capital maintains a website at phccap.com with information regarding its activities.

The foregoing Internet address is included for reference only, and the information on the Internet site is not a part of this Limited Offering Memorandum and is not incorporated by reference into this Limited Offering Memorandum. No representation is made in this Limited Offering Memorandum as to the accuracy or adequacy of the information contained on the Internet site. Neither of the Master Developer nor PHCC is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information contained on such internet site in evaluating whether to buy, hold or sell the 2025 Bonds.

Financing Plan. To date, the Master Developer has financed its land acquisition and site development costs related to its property in the District through internally generated funds. The Master Developer expects to use internally generated funds, including cash generated from its land development and property sales operations, along with proceeds of the 2025 Bonds, to complete development of its property in the District.

Although the Master Developer expects to have sufficient funds available to complete the proposed development in the District, there can be no assurance that amounts necessary to fund the planned development of the property within the District will be available to the Master Developer when needed. Neither the Master Developer, nor any of its related entities, is under any legal obligation of any kind to expend funds for the development of the property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by the Master Developer or any other entity or person to fund the costs of such development are entirely voluntary.

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 Master Developer is able to complete the construction of infrastructure improvements and sell property in the District to homebuilders or homebuyers and ultimately demand by and the ability of individuals to purchase homes within the District. Such events and factors could include a renewed increase in inflation and interest rates,

possible supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the wars in Ukraine and in Israel. Any adverse impact of the foregoing and other economic factors on the development in the District and the real estate market in general cannot be predicted.

Description of the District

The District was formed by the City Council pursuant to proceedings conducted under the Law on October 24, 2022 with a maximum bonded indebtedness of $75,000,000. See "THE DEVELOPMENT AND THE DISTRICT — History of the District." The District includes approximately 236 acres consisting of Phase 1A and Phase 1B of the Development, expected to be improved with a total of 553 detached single family homes in Phase 1A and 135 detached single family homes and 492 attached, detached or condominium single family homes in Phase 1B. The Master Developer has obtained land use approvals for the 553 single family homes to be constructed in Phase 1A, and land use approvals are pending approval by the City for the 135 single family detached homes and the 492 attached, detached or condominium single family homes to be constructed in Phase 1B. When used in this Limited Offering Memorandum, "homes" is meant to refer to both detached and attached single-family homes, condominiums and townhomes.

Certain public improvements necessary for the development of Phase 1A and Phase 1B have been completed and additional infrastructure work is expected to begin after the 2025 Bonds are issued, and substantial additional infrastructure improvements are needed before homes can be completed and sold.

Home construction has not yet commenced, but is projected by the Master Developer to begin, following the completion of necessary infrastructure improvements, with an expected buildout of the property in the District to occur over a five year period. See "THE DEVELOPMENT AND THE DISTRICT — Description of the District," and " — Plan for Development in the District" for additional information concerning development occurring and to occur in the District.

The next page contains a current site plan for the property in the District provided by the Master Developer. Note that the site plan is subject to change at any time without any requirement for notice to or approval by the Bondowners.

Site Plan for the Property in the
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
as of March, 2024




LEGEND
PHASE 1A AND 1B BOUNDARY
PLANNING UNIT BOUNDARY
5C (REC AREA FACILITY SITE)
5E (POTENTIAL ELEMENTARY SCHOOL) [NAP]
5D-1
TR. 51607
NEIGHBORHOOD
RECREATION AREA #1
PHASE 1A
5V
TR. 51605
NEIGHBORHOOD RECREATION AREA #2
5W-3
TR. 51604
NEIGHBORHOOD
RECREATION AREA #3
5D-2
TR. 51606
5F
NEIGHBORHOOD
PARK
SCE
5U
COMMUNITY PARK
5D-3
[NAP]
5W-4
5W-5
5W-1
TR. 52116
5X-1
5W-2
TR. 52093
5X-2
5T
COMMUNITY PARK
PHASE 1B
NEIGHBORHOOD
RECREATION AREA #4
NEIGHBORHOOD
RECREATION AREA #5

Land Ownership

Currently all of the property in the District is owned by the Master Developer. The Master Developer may continue with the development of the property in the District, or may sell all or a portion of the property in the District to one or more homebuilders. See "SPECIAL RISK FACTORS — Concentration of Ownership" and " — Failure to Complete or Delay in Completion of the Development." The Master Developer has advised that it is in the process of negotiating with a homebuilder with respect to the sale of lots in the District. No assurance can be given with respect to if and when any such sale will occur.

Plan for Development in the District

The Master Developer has provided the following Table 3 that depicts the Master Developer's current budget for the infrastructure needed for the development of the property in the District.

TABLE 3
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Estimated Infrastructure Development Costs and Timing for Development

	Backbone	In-Tracts	Total	Estimated Timing
CONSTRUCTION ITEMS				
Water Facilities & Tank	$21,196,991	$ -	$ 21,196,991	Forthcoming
Grading	2,224,777	2,118,845	4,343,622	
Erosion Control	105,140	887,129	992,269	
Environmental Mitigation	50,000	-	50,000	
Amenities - Entries	568,323	1,184,455	1,752,778	
Landscaping & Irrigation	10,970,108	4,807,252	15,777,359	
Parks	14,536,488	-	14,536,488	
Trails	461,470	-	461,470	
Fencing, Walls, Entry Monuments	270,753	2,134,182	2,404,935	
Sanitary Sewer	962,941	4,724,894	5,687,835	
Sanitary Sewer Lift Station	524,700	-	524,700	
Domestic Water	3,051,852	6,498,743	9,550,595	
Raw Water System	355,000	-	355,000	
Storm Drainage	465,564	1,820,172	2,285,737	
Street Improvements	6,200,104	10,085,877	16,285,981	
Traffic Signals	400,000	-	400,000	
Street Lights	4,743,375	1,579,754	6,323,129	
Utilities	6,996,000	7,385,883	14,381,883	
Utilities - Conversion	2,080,000	-	2,080,000	
Bond Exoneration	186,003	601,755	787,758	
Contingency	4,100,330	3,570,567	7,670,897	
TOTAL CONSTRUCTION	$80,449,919	$47,399,508	$127,849,427	
TOTAL SERVICES & FEES[(1)]	$ 7,094,866	$44,577,616	$ 51,672,483	
GRAND TOTAL	$87,544,786	$91,977,124	$179,521,910	

(1) Includes all soft costs, consulting services, bonds, entitlement and planning fees, permits, impact fees, and related contingencies.

The infrastructure costs set forth in Table 3 are based on estimates. No assurance can be given that the development costs will be in the amounts set forth in Table 3, or will not otherwise significantly change if the Master Developer's current plans for the development of the property in the District change.

Projected Special Tax Revenues

The following Table 4 sets forth the expected Maximum Special Taxes that can be levied on the Taxable Property in the District for fiscal year 2025-26, assuming all of the Taxable Property is classified as Developed Property based on the Master Developer's current plans for the development of the property in the District, including the current projected sizes of and number of respective homes of each size to be constructed in the District. Developed Property, as defined in the Rate and Method, means, in any Fiscal Year, all Taxable Property in the District for which a Building Permit for new construction was issued by the City prior to March 1 of the preceding Fiscal Year. Currently, all of the Taxable Property in the District is classified as Undeveloped Property under the Rate and Method.

TABLE 4
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Expected Land Uses and Related Fiscal Year 2025-26
Developed Maximum Special Tax Revenue at Buildout
For Tracts ____, ____ and _____

Expected Land Uses[1]	Building Square Feet	Lot Square Feet	Assigned Per Unit Special Tax for Developed Property[2]	Expected Units	Expected Developed Maximum Special Taxes
Single Family Attached Property	>= 1,900 BSF	N/A			
Single Family Attached Property	< 1,900 BSF	N/A			
Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF			
Single Family Detached Property	= 2,300 - < 2,600 BSF	<= 5,999 LSF			
Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF			
Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF			
Single Family Detached Property	= 3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF			
Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF			
Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF			
Single Family Detached Property	< 3,300 BSF	> 6,999 LSF			
Totals					

(1) Expected Land Uses are based on the Rate and Method.

(2) On each July 1, commencing on July 1, 2026 and ending on July 1, 2038, the Assigned Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Source: RdR Development Holdings, LLC, NBS.

For All Other Tracts in the District

Expected Land Uses[1]	Building Square Feet	Lot Square Feet	Assigned Per Unit Special Tax for Developed Property[2]	Expected Units	Expected Maximum Special Taxes
Single Family Attached Property	>= 1,900 BSF	N/A	$ 2,692.56	227	$ 611,211.12
Single Family Attached Property	< 1,900 BSF	N/A	2,140.10	265	567,126.50
Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	3,519.67	0	0.00
Single Family Detached Property	= 2,300 - < 2,600 BSF	<= 5,999 LSF	3,172.18	354	1,122,951.72
Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	2,704.02	124	342,004.40
Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	4,169.76	0	0.00
Single Family Detached Property	= 3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	3,899.46	0	0.00
Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	3,493.50	126	448,984.62
Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	4,507.38	84	386,192.52
Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	3,958.62	0	0.00
Totals				1180	$ 3,478,470.88
Grand Total					

(1) Expected Land Uses are based on the Rate and Method.
(2) On each July 1, commencing on July 1, 2026 and ending on July 1, 2038, the Assigned Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.
Source: RdR Development Holdings, LLC, NBS.

The expected land uses, building square footage and expected number of units are subject to change and no assurance can be given with respect to what those will be at the time of the final buildout of the property in the District.

The following Table 5 allocates the principal amount of the 2025 Bonds to the current 12 County Assessor's parcels in the District based on their expected maximum Special Taxes for Fiscal Year 2025-26.

TABLE 5
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Expected Fiscal Year 2025-26 Maximum Special Tax and Bond Allocation
(Undeveloped Property)

APN[1]	Undeveloped Acreage[2]	Estimated Maximum FY 2025-26 Special Tax[2]	Percent of Estimated Maximum FY 2025-26 Special Tax	Pro Rata Share of 2025 Bonds[4]
3206-020-017	95.311	$2,234,208.98	40.54%	$12,627,544.06
3206-026-005	4.58	107,360.93	1.95	606,794.09
3206-026-007	20.884	489,547.07	8.88	2,766,875.07
3206-027-002	12.102	283,686.01	5.15	1,603,367.27
3206-027-004	19.705	461,909.83	8.38	2,610,671.97
3206-027-005	4.059	95,148.03	1.73	537,767.95
3206-027-006	26.341	617,465.97	11.20	3,489,860.96
3206-027-007	21.878	512,847.67	9.31	2,898,567.94
3206-027-008	3.595	84,271.29	1.53	476,293.62
3206-027-009	6.368	149,273.88	2.71	843,682.27
3206-027-010	14.688	344,305.08	6.25	1,945,980.71
3206-027-012	5.605	131,388.21	2.38	742,594.08

Totals	235.116	$5,511,412.94	100.00%	$31,150,000.00

* Preliminary, subject to change.

(1) As of October 2024, all property in the District was owned by RdR Development Holdings, LLC. See "The Development and the District - Land Ownership."

(2) All property in the District is anticipated to be classified as Undeveloped Property for the Fiscal Year 2025/26 special tax levy, based on the definitions in the Rate and Method of Apportionment for the CFD.

(3) Based on Maximum Special Taxes assuming all parcels are classified as Undeveloped Property for the Fiscal Year 2025/26 special tax levy.

(4) Allocated based on the proportionate share of the Fiscal Year 2025/26 Maximum Special Taxes for Undeveloped Property by parcel.

Sources: Los Angeles County Assessor's Office; Hilltop Securities Inc.; NBS

Property Values

The value of property within the District is an important factor in determining the investment quality of the 2025 Bonds. If a property owner defaults in the payment of the Special Tax, the City's primary remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. The Special Tax is not a personal obligation of the owners of the property. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect property values. See "SPECIAL RISK FACTORS — Property Value."

Set forth in Table 6 below are projected Fiscal Year 2024-25 County assessed values of each of the current 12 parcels in the District.

TABLE 6
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Assessed Value of Taxable Property

APN[1]	Undeveloped Acreage[2]	Estimated Fiscal Year 2024-25 Assessed Value[3]	Pro Rata Share of 2025 Bonds[4]*	Assessed Value to Lien*
3206-020-017	95.311	$488,155.00	$12,627,544.06	0.039:1
3206-026-005	4.580	10,612.00	606,794.09	0.017:1
3206-026-007	20.884	107,181.00	2,766,875.07	0.039:1
3206-027-002	12.102	62,610.00	1,603,367.27	0.039:1
3206-027-004	19.705	100,814.00	2,610,671.97	0.039:1
3206-027-005	4.059	21,224.00	537,767.95	0.039:1
3206-027-006	26.341	119,916.00	3,489,860.96	0.034:1
3206-027-007	21.878	96,569.00	2,898,567.94	0.033:1
3206-027-008	3.595	18,039.00	476,293.62	0.038:1
3206-027-009	6.368	32,897.00	843,682.27	0.039:1
3206-027-010	14.688	72,161.00	1,945,980.71	0.037:1
3206-027-012	5.605	26,530.00	742,594.08	0.036:1
Totals	235.116	$1,156,708.00	$31,150,000.00	0.037:1

* Preliminary, subject to change.

(1) As of October 2024, all property in the District was owned by RdR Development Holdings, LLC. See "The Development and the District - Land Ownership."

(2) All property in the District is anticipated to be classified as Undeveloped Property for the Fiscal Year 2025/26 special tax levy, based on the definitions in the Rate and Method of Apportionment for the CFD.

(3) Per the Los Angeles Assessor's roll data for fiscal year 2024/25, with a January 1 valuation date. Assessed value does not reflect any changes made to valuation after July 1, 2024 as a result of assessment appeal, correction or any other changes.

(4) Allocated based on the proportionate share of the Fiscal Year 2025/26 Maximum Special Taxes for Undeveloped Property by parcel.

Sources: Los Angeles County Assessor's Office; Hilltop Securities Inc.; NBS.

The Master Developer has advised that it expects that, given the land use entitlements that have been obtained for Phase 1A and are in process for the remainder of Phase 1B (see "THE DEVELOPMENT AND THE

DISTRICT — Description of the District"), and the expected use of proceeds of the 2025 Bonds to finance infrastructure improvements incident to the development of the property in the District (see "THE DISTRICT — The Improvements"), the fair market value of the Taxable Property may be significantly greater than its current County-assessed value, and the fair market value of the Taxable Property will in any event increase as infrastructure improvements are completed and homes are constructed in the District. However, no representation is made as to the current actual fair market value of the Taxable Property subject to the levy of Special Taxes. See "SPECIAL RISK FACTORS — Property Value."

Direct and Overlapping Governmental Obligations

General. Presently, land within the District is subject to approximately $657,196,123 of total direct and overlapping tax and assessment debt, in addition to the $31,150,000 initial principal amount of the 2025 Bonds. The land within the District is also subject to the levy of special taxes by the City for its Community Facilities District No. 2022-2 (Ritter Ranch Maintenance Services) ("CFD 2022-2"), the boundaries of which are coterminous with those of the District.

To repay direct and overlapping debt, the owners of the land within the District must pay the annual Special Taxes and the general property tax levy. The ability of the City to collect the Special Taxes could be adversely affected if additional debt is issued with respect to the Taxable Property in the District. The land, at any time, could become subject to additional debt with a parity claim on property values in the event of foreclosure either by the formation of additional community facilities districts or the imposition of other taxes and assessments by public agencies other than the City on behalf of the property owners within the District. The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of the landowners to pay the Special Taxes and may increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Direct and overlapping tax and assessment debt as of November 1, 2024 is shown in the following Table 7 compiled by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in the Table and they make no representation as to its completeness or accuracy.

TABLE 7
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Direct and Overlapping Tax and Assessment Debt Summary

2024-25 Assessed Valuation: $18,211,962,847

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/24
Antelope Valley Joint Community College District	36.769%	$151,773,577
Antelope Valley Union High School District	41.737	6,014,249
Acton-Agua Dulce Unified School District	0.009	600
Eastside Union School District	22.588	3,215,402
Lancaster School District	0.482	296,007
Palmdale School District	94.722	184,465,924
Westside Union School District	40.612	12,465,381
Palmdale School District Community Facilities District No. 90-1	98.844	70,761,207
Westside Union School District Community Facilities Districts	100.000	8,595,000
City of Palmdale Community Facilities Districts	100.000	34,653,749
City of Palmdale Assessment District No. 2006-1	100.000	860,000
City of Palmdale Street Lighting and Maintenance Assessment Districts	100.000	6,986,218
California Municipal Finance Authority Community Facilities District No. 2022-08	100.000	6,425,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$486,512,314
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.866%	$ 28,013,708
Los Angeles County Superintendent of Schools Certificates of Participation	0.866	20,193
Antelope Valley Joint Community College District Certificates of Participation	36.769	3,647,485
Acton-Agua Dulce Unified School District Certificates of Participation	0.009	116
Antelope Valley Union High School District General Fund Obligations	41.737	1,909,468
Lancaster School District Certificates of Participation	0.482	27,233
Palmdale School District Certificates of Participation	94.722	15,969,997
City of Palmdale General Fund Obligations	**100.000**	**72,071,003**[1]
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$121,659,203
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Palmdale Redevelopment Agency	100.000 %	$49,024,606
TOTAL OVERLAPPING TAX INCREMENT DEBT		$49,024,606
COMBINED TOTAL DEBT		$657,196,123[2]

Ratios to 2024-25 Assessed Valuation:

Direct Debt ($72,071,003)	**0.40%**
Total Overlapping Tax and Assessment Debt	2.67%
Combined Total Debt	3.61%

Ratio to Successor Agency Redevelopment Incremental Valuation ($7,661,588,123):

Overlapping Tax Increment Debt	0.64%

(1) Excludes issue 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.

CFD 2022-2. At the time of formation of the District, the City Council also formed CFD 2022-2, which has boundaries that are coterminous with the boundaries of the District. The City is authorized to levy special taxes for CFD 2022-2 to fund municipal services, including maintenance and lighting of streets, roadways, parks, parkways, trails and open space; flood and storm protection services; police protection, fire protection and suppression services and ambulance and paramedic services; and maintenance and irrigation of landscaping in public rights of way; as well as administrative expenses of CFD 2022-2. The maximum special tax that may be levied for Fiscal Year 2023-24 for single family residential detached property is $1,067.00 per home, for single family residential attached property is $993.00 per home, for undeveloped property is $9,295.00 per acre; and for accessory dwelling units is approximately 40% of the otherwise special tax for a related home. On July 1 of each

Fiscal Year, commencing on July 1, 2025, the maximum special tax increases by an amount equal to the Tax Escalation Factor, being between 2% and 6%. The maximum special tax rates are subject to an additional increase upon the earlier of Fiscal Year 2084/85 or when all of the Bonds have been repaid. The lien on the Taxable Property in the District securing the payment of the Special Taxes pledged to the repayment of the 2025 Bonds is co-equal with the lien securing the payment of the special taxes levied for CFD 2022-2.

Sample Tax Bill. Set forth below are Tables 8 and 9, which provide, for a home classified as Developed Property, Land Use Class 2-A in the Rate and Method and Land Use Class 2-B in the Rate and Method, respectively, using as the sales price the anticipated typical land and structure assessed value for single family residential parcels within the District, the expected property tax bill that would be received by a respective owner of the applicable Taxable Property for fiscal year 2024- 25.

TABLE 8
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Sample Tax Bill for Single Family Residential Property
for Fiscal Year 2024-25

		Land Use Class 2-A
Residential Floor Area		**< 1,900 BSF**
Amount used for calculation purposes (in square feet)		1,500
Estimated Property Characteristics		
Average Assessed Value[(1)]		$488,000.00
Homeowner's Exemption		(7,000.00)
Estimated Net Assessed Value		**$481,000.00**
Ad Valorem	**Tax Rate**	
General Purpose Ad Valorem Tax (Proposition 13)	1.000000%	$4,810.00
Community College	0.043355%	208.54
Elementary Schools	0.058077%	279.35
High Schools	0.020988%	100.95
Special Water	0.070490%	339.06
Total Ad Valorem Taxes	1.192910%	**$5,737.90**
Special/Direct Assessments, Taxes and Charges		
PALMDALE CFD 2022-3[(2)]		*$2,140.10*
PALMDALE CFD 2022-2[(2)]		1,012.86
RPOSD MEASURE A[(3)]		27.15
CNTY SAN DIST 20		466.89
TRAUMA/EMERG SRV[(3)]		75.00
LA CO FIRE DEPT		76.65
ANTELOPE MOSQ AB		6.00
WATER STANDBY 40		15.00
PALMDALE SEWER		103.63
Total Special/Direct Assessments, Taxes and Charges		**$3,923.28**
Total Estimated Annual Property Taxes		**$9,661.18**
Effective Tax Rate		**1.9797%**

(1) Based upon anticipated typical land and structure assessed value for single family residential parcels within the District.

(2) Represents the amount of special tax based on the Assigned Special Tax rates shown in Table 1 of the Amended and Restated RMA for the district. The special tax is not levied in Fiscal Year 2024/25.

(3) Calculation based on Residential Floor area as shown above.

Note: Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions of approval of development or any other imposed requirement. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

Sources: Alliant Tax Research.

TABLE 9
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Sample Tax Bill for Single Family Residential Property
for Fiscal Year 2024-25

		Land Use Class 2-B
Residential Floor Area		**2,300 - 2,600 BSF**
Amount used for calculation purposes (in square feet)		2,450
Average Lot Size		**< 5,000 s.f.**
Amount used for calculation purposes (in square feet)		4,900
Estimated Property Characteristics		
Average Assessed Value[1]		$655,000.00
Homeowner's Exemption		(7,000.00)
Estimated Net Assessed Value		**$648,000.00**
Ad Valorem	**Tax Rate**	
General Purpose Ad Valorem Tax (Proposition 13)	1.000000%	$6,480.00
Community College	0.043355%	280.94
Elementary Schools	0.058077%	376.34
High Schools	0.020988%	136.00
Special Water	0.070490%	456.78
Total Ad Valorem Taxes	1.192910%	**$7,730.06**
Special/Direct Assessments, Taxes and Charges		
PALMDALE CFD 2022-3[2]		*$3,172.18*
PALMDALE CFD 2022-2[2]		1,088.34
RPOSD MEASURE A[3]		44.35
CNTY SAN DIST 20		622.52
TRAUMA/EMERG SRV[3]		122.50
LA CO FIRE DEPT		76.65
ANTELOPE MOSQ AB		6.00
WATER STANDBY 40		15.00
PALMDALE SEWER		103.63
Total Special/Direct Assessments, Taxes and Charges		**$5,251.17**
Total Estimated Annual Property Taxes		**$12,981.23**
Effective Tax Rate		**1.9819%**

(1) Based upon anticipated typical land and structure assessed value for single family residential parcels within the District.

(2) Represents the amount of special tax based on the Assigned Special Tax rates shown in Table 1 of the Amended and Restated RMA for the district. The special tax is not levied in Fiscal Year 2024/25.

(3) Calculation based on Residential Floor area as shown above.

Note: Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions of approval of development or any other imposed requirement. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

Sources: Alliant Tax Research.

Other Potential Debt. The City has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the Taxable Property within the District which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the Taxable Property within the District. Furthermore, nothing prevents the owners of Taxable Property within the District from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Law or taxes, such assessments, special taxes and taxes will be secured by liens on the Taxable Property within the District on a parity with the lien of the Special Taxes.

Accordingly, the debt on the property within the District could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the estimated value-to-lien ratio that exists at the time the 2025 Bonds are issued. The imposition of such additional indebtedness could reduce the willingness and ability of the owners of the Taxable Property within the District to pay the Special Taxes when due. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of Taxable Property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See "SPECIAL RISK FACTORS — Property Value."

Projected Debt Service Coverage

Set forth in Table 10 below is the projected Maximum Special Taxes for Fiscal Year 2025-26 that would be realized from the 1,180 homes to be built in the District that will to be subject to the levy of Special Taxes, assuming no delinquencies in the payment of Special Taxes, that could be available to pay the debt service on the 2025 Bonds, and the resulting debt service coverage. The Maximum Special Taxes that can be levied on Taxable Property in the District in any Fiscal Year increases by two percent (2%) over the Maximum Special Taxes for the prior Fiscal Year through Fiscal Year 2038-39. See "SECURITY FOR THE 2025 BONDS — Special Taxes" and " — Summary of Rate and Method."

TABLE 10
City of Palmdale
Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)
Developed Property Maximum Special Tax and
Estimated Debt Service Coverage at Buildout

Bond Year Ending September 1st	Developed Property Maximum Special Tax[1]	Minimum Administrative Expense Requirement[2]	Pledged Special Tax Revenues	2025 Bonds Debt Service*	Estimated Maximum Special Capacity[3]*
2025[4]	$3,478,471	$ 0		$ 0	N/A
2026[4]	3,548,040	102,000		2,024,750	1.70
2027	3,619,001	104,040		2,024,750	1.74
2028	3,691,381	106,121		2,024,750	1.77
2029	3,765,209	108,243		2,044,750	1.79
2030	3,840,513	110,408		2,043,450	1.83
2031	3,917,323	112,616		2,092,150	1.82
2032	3,995,670	114,869		2,102,600	1.85
2033	4,075,583	117,166		2,152,075	1.84
2034	4,157,095	119,509		2,192,975	1.84
2035	4,240,237	121,899		2,235,625	1.84
2036	4,325,041	124,337		2,284,700	1.84
2037	4,411,542	126,824		2,329,550	1.84
2038	4,499,773	129,361		2,375,175	1.84
2039	4,589,768	131,948		2,421,250	1.84
2040	4,589,768	134,587		2,417,450	1.84
2041	4,589,768	137,279		2,416,700	1.84
2042	4,589,768	140,024		2,413,675	1.84
2043	4,589,768	142,825		2,413,375	1.84
2044	4,589,768	145,681		2,410,475	1.84
2045	4,589,768	148,595		2,404,975	1.85
2046	4,589,768	151,567		2,406,875	1.84
2047	4,589,768	154,598		2,400,525	1.85
2048	4,589,768	157,690		2,401,250	1.85
2049	4,589,768	160,844		2,398,400	1.85
2050	4,589,768	164,061		2,391,975	1.85
2051	4,589,768	167,342		2,391,975	1.85
2052	4,589,768	170,689		2,387,750	1.85
2053	4,589,768	174,102		2,384,300	1.85
2054	4,589,768	177,584		2,381,300	1.85
2055	4,589,768	181,136		2,378,425	1.85
2026	4,589,768	184,759		2,375,350	1.85
2057	4,589,768	188,454		2,371,750	1.86
2058	4,589,768	192,223		2,367,300	1.86
2059	4,589,768	196,068		2,366,675	1.86
2060	4,589,768	199,989		2,359,225	1.86
2061	4,589,768	203,989		2,354,950	1.86
2062	4,589,768	208,069		2,353,200	1.86
2063	4,589,768	212,230		2,348,325	1.86
2064	4,589,768	216,474		2,348,325	1.86

* Preliminary, subject to change.

(1) Assigns the Maximum Special Tax for Developed Property to all expected land uses. Developed Property means, in any fiscal year, all taxable property in the CFD for which a building permit for new construction was issued by the City prior to March 1 of the preceding fiscal year. On each July 1, commencing on July 1, 2026 and ending on July 1, 2038, the Assigned Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(2) Equal to $100,000 for Fiscal Year 2025/26, increasing each Fiscal Year by an additional 2% of the amount in effect for the prior Fiscal Year.

(3) Developed Property Maximum Special Taxes, less Minimum Administrative Expense Requirement, divided by scheduled 2025 Bonds debt service. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency of 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 the fiscal year had there never been any such delinquencies of defaults.

(4) For the bond years ending September 1, 2025 and September 1, 2026, the debt service on the 2025 Bonds will be funded by capitalized interest. See "PLAN OF FINANCING—Estimated Sources and Uses of Funds."

Sources: Hilltop Securities Inc.; NBS

SPECIAL RISK FACTORS

The following is a description of certain risk factors affecting the District, the property owners in the District, the parcels subject to the levy of Special Taxes and the payment of and security for the 2025 Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the 2025 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Limited Offering Memorandum in evaluating the investment quality of the 2025 Bonds. There can be no assurance that other risk factors will not become material in the future.

INVESTMENT IN THE 2025 BONDS IS LIMITED TO SOPHISTICATED INVESTORS WITH THE EXPERIENCE AND FINANCIAL EXPERTISE TO UNDERSTAND AND EVALUATE THE HIGH DEGREE OF RISK INHERENT IN THE INVESTMENT. DUE IN PART TO THE CURRENT STATUS OF THE LAND IN THE DISTRICT, PURCHASE OF THE 2025 BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST AND THE LOSS OF ALL OR PART OF THE INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE PROPERTY OWNERS IN THE DISTRICT WILL PAY THE SPECIAL TAXES LEVIED ON SUCH PROPERTY WHEN DUE. SEE "SPECIAL RISK FACTORS" HEREIN.

TRANSFERS OF THE 2025 BONDS ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE RULE 144A OF THE SECURITIES ACT. IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE 2025 BONDS, INCLUDING THE MERITS AND RISKS INVOLVED. THE INFORMATION AND EXPRESSION OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE IN CONNECTION WITH THE 2025 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

No General Obligation of the City or the District

The City's obligations under the 2025 Bonds and under the Fiscal Agent Agreement are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund. The 2025 Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the City for the District payable solely from the revenues and funds pledged therefor and under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City or the State of California or of any of their respective political subdivisions is pledged to the payment of the 2025 Bonds.

Concentration of Ownership

All of the Taxable Property in the District is currently owned by the Master Developer. Accordingly, until it sells property in the District to merchant builders or homebuyers, the Master Developer will be responsible for the payment of all of Special Taxes levied on the Taxable Property in the District. The lack of diversity in ownership of property in the District, and the consequent lack of diversity in the obligation to pay the Special Taxes levied in the District, represents significant risk to the owners of the 2025 Bonds in that the ability of the Master Developer to pay the Special Taxes levied on property it owns may depend, in part, on the successful sales of homes in the District.

Failure of the Master Developer to pay the annual Special Taxes when due on the property in the District that it owns could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of the delinquent parcels of land upon a foreclosure or otherwise. In that event, there could be a default in payments of the principal of, and interest on, the 2025 Bonds. See "SPECIAL RISK FACTORS — Insufficiency of Special Taxes."

Litigation Affecting the Development of Property in the District

The Leona Valley Town Council, a California non-profit corporation (the "LVTC") filed a lawsuit in the Superior Court of the State of California for the County of Los Angeles (Case No. 22 ST CP 01932) naming the City and the City Council as defendants. The complaint in the lawsuit alleged certain violations of the California Environmental Quality Act ("CEQA"). The lawsuit sought to have the Superior Court set aside and vacate the City's approval of the development the Master Developer plans to conduct in the District, that the Court mandate that the City conduct a subsequent environmental impact report for the development and that the City be enjoined from issuing any permits or approvals for the development of the property in the District.

On February 26, 2024, the Court issued an order denying the LVTC's petition for writ of mandate. On April 26, 2024, LVTC, the City and the Master Developer entered into a Settlement Agreement which resolved, settled and extinguished all claims and cross claims of the parties. There are no remaining claims or pending proceedings with respect to this matter.

Failure to Complete or Delay in Completion of the Development

The completion of the development of the planned 1,180 homes in the District requires the completion of certain on-site and off-site improvements and the construction of the homes. The Master Developer currently estimates that the buildout of the District will occur over a five year period. No assurance can be given that the Master Developer will complete the construction of all of the 1,180 homes as currently expected or at all.

Payment of the Special Tax is not a Personal Obligation

The Master Developer and any homebuilders or homebuyers that purchase Taxable Property in the District are not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation that is secured only by a lien against the Taxable Property on which it is levied. If the value of a Taxable Property is not sufficient to secure fully the payment of the Special Tax levied and to be levied on it, the City has no recourse against the owners of the Taxable Property.

Property Value

If the Master Developer, or another future owner of property in the District, defaults in the payment of the Special Tax, the only legal remedy is the institution of a superior court action to foreclose on the delinquent Taxable Property in an attempt to obtain funds with which to pay the Special Tax. The value of the Taxable Property in the District could be adversely affected by economic factors beyond the City's control, 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 residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other expenses of owning Taxable Property, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, wildfire, earthquakes, tsunamis and floods), which may result in uninsured losses. See "SPECIAL RISK FACTORS — Natural Disasters and Potential Drought Conditions."

No assurance can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Law authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Law does not specify any obligation of the City with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale. The City is not obligated and does not expect to be a bidder at any such foreclosure sale. See "SECURITY FOR THE 2025 BONDS — Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS — Proceeds of Foreclosure Sales."

Increasing Mortgage Interest Rates

Since approximately November, 2021 mortgage interest rates have increased significantly. Mortgage interest rates may continue to increase in the near term. Increases in mortgage interest rates could have a negative impact on the construction of the homes, and the sale of the homes to be built in the District. Increased mortgage interest rates adversely impact the affordability of the homes as they increase mortgage payment levels, and may impact the desire of current homeowners to purchase homes, especially if their present home has a relatively low mortgage interest rate. In addition, the new homes would likely have a higher interest rate on a new mortgage loan as well as higher property taxes. Such considerations may decrease the desire for households to purchase a home. The foregoing factors could reduce demand for the homes that are to be constructed in the District.

Public Health Emergencies

The COVID-19 Pandemic commenced in approximately March 2020 and resulted in a global public health crisis that was fluid and unpredictable with unknown financial and economic impacts. The health emergency and related declarations have ceased, although investors continue to be cautioned that the City cannot predict the full impacts that the COVID-19 Pandemic may have had either directly or indirectly on the development and sales of homes in the District. Further, there could be future outbreaks of other COVID-19 variants or other public health emergencies that could have material adverse effects on the development and sales of homes in the District.

No prediction can be made with respect to possible future COVID-19 or similar viral outbreaks and related public health and governmental authorities' orders and actions. Such effects, if and as they arise, could have a material adverse effect on the ability to sell lots and develop the homes in the District as planned, and no assurance can be provided that the Master Developer will be able to (a) complete in whole or in any part, or within any particular time, the construction of homes within the District; (b) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) sell homes, and close home sales, due to in each case to public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. In addition, the Law provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, the Law 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, for outstanding 2025 Bonds, is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Law have not been tested. See "SECURITY FOR THE 2025 BONDS — Special Taxes."

In particular, insofar as the Law requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. See "SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties." If for any reason property within 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 Special Taxes, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Taxes and could have an adverse impact upon the timely payment of the Special Taxes. Moreover, if a substantial portion of land within the District becomes exempt from the Special Taxes because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2025 Bonds when due and a default would occur with respect to the payment of such principal and interest.

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

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute liens against the Taxable Property in the District until they are paid. Such lien on a parcel of Taxable Property is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes regardless of when they are imposed upon such taxable parcel. The Special Taxes have priority over all existing and future private liens imposed on the property. The Special Taxes and the special taxes levied by the City for CFD 2022 2 have the same lien priority with respect to the Taxable Property. See "THE DEVELOPMENT AND THE DISTRICT — Direct and Overlapping Governmental Obligations" for a description of existing overlapping liens on the Taxable Property.

The City has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the Taxable Property within the District subject to the levy of Special Taxes. In addition, the landowners within the District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Special Taxes when due.

Insufficiency of Special Taxes

In order to pay debt service on the 2025 Bonds, it is necessary that the Special Taxes levied against Taxable Property within the District be paid in a timely manner. The City has established the Reserve Fund in an amount equal to the Reserve Requirement to pay debt service on the 2025 Bonds and any Parity Bonds that may be issued in the future to the extent Special Taxes are not paid on time and other funds are not available. See "SECURITY FOR THE 2025 BONDS — Reserve Fund" and Appendix C — "Summary of the Fiscal Agent Agreement – Funds and Accounts – Reserve Fund." Under the Fiscal Agent Agreement, the City has covenanted to maintain in the Reserve Fund an amount equal to the Reserve Requirement; subject, however, to the limitation that the City may not levy the Special Tax in any Fiscal Year at a rate in excess of the Maximum Special Taxes rates permitted under the Rate and Method. Consequently, if a delinquency occurs, the City may be unable to replenish the Reserve Fund to the Reserve Requirement due to the limitation of the Maximum Special Tax rates. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the

2025 Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The City has made certain covenants regarding the institution of foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the 2025 Bonds. See "SECURITY FOR THE 2025 BONDS — Covenant for Superior Court Foreclosure." If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Taxes at any time. Any such prepayments will be used to redeem outstanding 2025 Bonds on the next Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the Special Tax prepayment. Any resulting redemption of 2025 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2025 Bonds. The City cannot predict whether and if so when Special Tax prepayments will occur in the future. See "THE 2025 BONDS — Redemption – Mandatory Redemption from Special Tax Prepayments."

Tax Delinquencies

Under provisions of the Law, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2025 Bonds are derived, are being billed to the Taxable Property within the District on the regular property tax bills sent to owners of the parcels. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See "SECURITY FOR THE 2025 BONDS — Reserve Fund" and "-Covenant for Superior Court Foreclosure" for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to commence a superior court action to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2025 BONDS — Covenant for Superior Court Foreclosure," 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. Any legal opinion to be delivered concurrently with the delivery of the 2025 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2025 Bonds.

Proceeds of Foreclosure Sales

Pursuant to the Law, in the event of any delinquency in the payment of any Special Tax, the City Council, as the legislative body of the District, may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. The City has covenanted in the Fiscal Agent Agreement that it will,

under certain circumstances, commence such a foreclosure action. See "SECURITY FOR THE 2025 BONDS — Covenant for Superior Court Foreclosure."

No assurances can be given that a parcel of Taxable Property in the District that would be subject to a judicial foreclosure sale for delinquent Special Taxes will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Law authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Law does not specify any obligation of the City with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale and the City has not in any way agreed nor does it expect to be such a bidder.

In a foreclosure proceeding, a judgment debtor (i.e., the property owner) has 140 days from the date of service of the notice of levy in which to redeem the property to be sold and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, such property owner's only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale if the purchaser at the sale was the judgment creditor. If a foreclosure sale is thereby set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made.

If foreclosure proceedings were ever instituted, any holder of a mortgage or deed of trust on the affected property could, but would not be required to, advance the amount of tie delinquent Special Tax installment to protect its security interest.

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the 2025 Bonds pending prosecution of the foreclosure proceedings and receipt by the District of the proceeds of the foreclosure sale, if any. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions and other factors beyond the control of the City, including delay due to crowded local court calendars or legal tactics and, in any event could take several years to complete. In particular, bankruptcy proceedings involving the Master Developer or any other owner of a parcel of Taxable Property in the District could cause a delay, reduction or elimination in the flow of Special Tax Revenues to the Fiscal Agent. See "SPECIAL RISK FACTORS — Bankruptcy Delays."

Natural Disasters and Potential Drought Conditions

The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire, earthquakes and floods.

In addition to possible earthquakes and flooding, other natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

The City has an adopted Local Hazard Mitigation Plan (an "LHMP"), currently being updated, that covers a wide range of hazards affecting property in the City, including earthquakes, floods, dam failure and inundation, wildfires and brush fires, transportation accidents and hazardous material spills, drought, severe weather and power/utility failure. The LHMP describes these hazards and lays out how the City and other local partners can work to either reduce hazards or to help address their impacts when disasters occur. Having an LHMP in place helps direct City resources appropriately and qualifies the City for federal disaster relief. The LHMP can be found on the City's website, which website is not included in this Limited Offering Memorandum by reason of this reference.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel 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.

Cybersecurity

The City has adopted cybersecurity policies. The City, however, is reliant on other entities and service providers in connection with the administration of the District and the 2025 Bonds, including without limitation the Special Tax Consultant, the County tax collector for the levy and collection of Special Taxes and the Fiscal Agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2025 Bond owners.

Disclosure to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused an Amended and Restated Notice of Special Tax Lien to be recorded in the Office of the Recorder for the County against the Taxable Property in the District. Although 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 when purchasing a Taxable Property within the District or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, 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.

FDIC/Federal Government Interests in Properties

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

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding." This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the

District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2025 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

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

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

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be extinguished at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2025 Bonds.

No Acceleration Provision

The 2025 Bonds and the Fiscal Agent Agreement do not contain a provision allowing for the acceleration of the 2025 Bonds in the event of a payment default or other default under the terms of the 2025 Bonds or the Fiscal Agent Agreement or in the event interest on the 2025 Bonds becomes included in gross income for federal income tax purposes.

Taxability Risk

As discussed herein under the caption "TAX MATTERS," interest on the 2025 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2025 Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. There is no provision in the 2025 Bonds or the Fiscal Agent Agreement for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the 2025 Bonds will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Fiscal Agent Agreement.

In addition, as discussed under the caption "TAX MATTERS," Congress is or may be considering in the future legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The City can provide no assurance that federal tax law will not change while the 2025 Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the 2025 Bonds from gross income for federal income tax purposes. If the exclusion of interest on the 2025 Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the 2025 Bonds would be adversely impacted.

Limitations on Transfers of 2025 Bonds

Transfers of the 2025 bonds are limited to "qualified institutional buyers" within the meaning of the rule 144a of the securities act. In making an investment decision, purchasers must rely on their own examination of the district and the terms of the 2025 bonds, including the merits and risks involved. Additionally, the Fiscal Agent Agreement contains additional conditions which must be satisfied in order to transfer the bonds. See, "THE 2025 BONDS - Transfer or Exchange of 2025 Bonds," herein

Enforceability of Remedies

The remedies available to the Fiscal Agent and the registered owners of the 2025 Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Limited Offering Memorandum are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the 2025 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the 2025 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

No Secondary Market

No representation is made concerning any secondary market for the 2025 Bonds. There can be no assurance that any secondary market will develop for the 2025 Bonds. Investors should understand the long-term and economic aspects of an investment in the 2025 Bonds and should assume that they will have to bear the economic risks of their investment to maturity. An investment in the 2025 Bonds may be unsuitable for any investor not able to hold the 2025 Bonds to maturity.

Proposition 218

An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIIC and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the 2025 Bonds as described below.

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

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

Accordingly, although the matter is not free from doubt, it is likely that Article XIIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2025 Bonds.

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner that does not interfere with the timely repayment of the 2025 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2025 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses (as defined in the Fiscal Agent Agreement). Nevertheless, the City has covenanted that it will not consent to, or conduct proceedings with respect to, a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any fiscal year, equal to 110% of the aggregate of the debt service due on the 2025 Bonds in such fiscal year, plus a reasonable estimate of Administrative Expenses for such fiscal year. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of Article XIIIC and Article XIIID 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 or the timeliness of any remedy afforded by the courts. See " — Enforceability of Remedies."

Future Measures and Initiatives; Initiative 1935

From time to time constitutional initiatives or other initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State or any political subdivision thereof, including the City, to increase revenues or to increase appropriations, or might affect the ability of the Developer to develop the Taxable Property within the District or the City to collect the Special Tax.

One such proposed voter initiative, titled "The Taxpayer Protection and Government Accountability Act" ("Initiative 1935") has been determined to be eligible for the November 2024 Statewide general election and, unless withdrawn by its proponent prior to June 27, 2024, will be certified as qualified for the ballot in such election. Initiative 1935 would, among other things, amend the State Constitution to impose additional requirements for the imposition of taxes by State and local governments, such as requirements that the title and summary and ballot label or question for each tax measure identify the type, amount or rate, duration, and use of revenue of the tax. Additionally, Initiative 1935 would provide that any tax imposed after January 1, 2022, not in compliance with its requirements is void 12 months after the effective date of Initiative 1935 unless subsequently reenacted in accordance therewith. If adopted, the scope and impact of Initiative 1935 would be subject to future judicial interpretation. The City is unable to predict how Initiative 1935, if adopted, might be interpreted by the courts, and there can be no assurance that any such interpretation would not have an adverse impact on the City's ability to levy and collect the Special Taxes.

As described above under the caption "THE DEVELOPMENT AND THE DISTRICT — History of the District" at the election held on October 24, 2022, the Master Developer, as the sole qualified elector of the District, voted to approve the measure to levy the Special Tax. In connection with such election, the Master Developer, as such sole qualified elector, waived legal requirements pertaining to the conduct of the landowner election including the ballot requirements that Initiative 1935, if enacted, would impose.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2025 Bonds might be affected as a result of such an audit of the 2025 Bonds (or by an audit of similar bonds).

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2025 Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from State of California personal income tax. Interest on the 2025 Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2022, interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the 2025 Bonds is based upon certain representations of fact and certifications made by the City, the Underwriter and others and is subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2025 Bonds to assure that interest on the 2025 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. The City has covenanted to comply with all such requirements.

Should the interest on the 2025 Bonds become includable in gross income for federal income tax purposes, the 2025 Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Fiscal Agent Agreement.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent 2025 Bond Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals are announced from time to time which generally would limit the exclusion from gross income of interest on obligations like the 2025 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2025 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2025 Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a 2025 Bond, and Bond Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2025 Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the 2025 Bonds is excluded from gross income for federal income tax purposes provided the City continues to comply with certain requirements of the Code, the accrual or receipt of interest on the 2025 Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the 2025 Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

LEGAL MATTERS

Concurrent with the issuance of the 2025 Bonds, Best Best & Krieger LLP, Riverside, California, Bond Counsel, will render its opinion substantially in the form set forth in Appendix D to this Limited Offering Memorandum. Best Best & Krieger LLP also is acting as Disclosure Counsel to the City with respect to the 2025 Bonds. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters related to the 2025 Bonds will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, LLC, Newport Beach, California. Payment of the fees and expenses of Bond and Disclosure Counsel, and of Underwriter's Counsel, is contingent on the issuance of the 2025 Bonds.

MUNICIPAL ADVISOR

The City has retained Harrell & Company Advisors, LLC, Orange, California, as municipal advisor (the "Municipal Advisor") in connection with the offering of the 2025 Bonds. All financial and other information presented in this Limited Offering Memorandum has been provided by the City and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of

the data provided by the City or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Limited Offering Memorandum. The Municipal Advisor has assisted the City with the structure, timing and terms for the sale of the 2025 Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the 2025 Bonds.

NO RATING

The City has not made, and does not intend to make, any application to any rating agency for the assignment of a rating to the 2025 Bonds.

LITIGATION

The City. The City is not aware of any pending or threatened litigation challenging the validity of the 2025 Bonds, the Special Taxes securing the 2025 Bonds, or any action taken by the City in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2025 Bonds.

The District. See "SPECIAL RISK FACTORS — Litigation Affecting the Development of Property in the District" for a description of a lawsuit that seeks to delay the development of the Property in the District.

UNDERWRITING

The 2025 Bonds are being purchased through negotiation by Hilltop Securities Inc. (the "Underwriter"). The Bond Purchase Agreement for the 2025 Bonds provides that the Underwriter will purchase all of the 2025 Bonds, if any are purchased. The Underwriter agreed to purchase the 2025 Bonds at a price of $_____ (which is equal to the par amount of the 2025 Bonds, less an underwriter's discount of $_____). The initial public offering price of the 2025 Bonds set forth on the cover page may be changed by the Underwriter. The Underwriter may offer and sell the 2025 Bonds to certain dealers and others at prices lower than the public offering price set forth on the cover page hereof.

CONTINUING DISCLOSURE

The City

The City has covenanted in a Continuing Disclosure Agreement for the benefit of the Owners of the 2025 Bonds to provide certain annual financial information and operating data, and to provide notices of the occurrence of certain enumerated events. The City agreed in its certificate to file, or cause to be filed, with the MSRB such report and notices. See Appendix E — "Form of Continuing Disclosure Agreement of the City" for the complete text of the City's Continuing Disclosure Agreement. The covenants of the City have been made in order to assist the Underwriter in complying with the Rule.

During the past five years the City has complied in all material respects with its previous continuing disclosure undertakings pursuant to Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934, as amended.

The Master Developer

The Master Developer has agreed for the benefit of the owners of the 2025 Bonds in a Continuing Disclosure Agreement – Master Developer to provide certain information on an annual and a semiannual basis, and notice of the occurrence of certain events with respect to it and the property in the District it owns. Nevertheless, the Underwriter does not consider the Master Developer to be an "obligated person" for purposes of the Rule. The complete text of the Form of Continuing Disclosure Agreement – Master Developer is set forth in Appendix F. The Master Developer's obligation to provide continuing annual, semiannual and event disclosure

will terminate for and after the fiscal year in which the property that it owns in the District is responsible for less than 20% of the then annual Special Tax levy in the District, or with respect to certain property in the District if the Master Developer's disclosure obligations with the respect to property transferred to another entity.

The Master Developer has represented that it has not had any prior continuing disclosure undertakings.

Remedies for Failures to Comply

A failure by the City or the Master Developer to comply with its respective continuing disclosure obligations will not constitute a default under the Fiscal Agent Agreement. However, the Continuing Disclosure Agreements provide that, in the event of a failure of the City or the Master Developer, as applicable, to comply with any provision of their respective Continuing Disclosure Agreement, any 2025 Bond owner, any Beneficial Owner of the 2025 Bonds or the Underwriter may seek specific performance by court order to cause it to comply with its obligations under its respective Continuing Disclosure Agreement.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Limited Offering Memorandum is not to be construed as a contract or agreement between the City or the District and the purchasers or Owners of any of the 2025 Bonds.

The execution and delivery of this Limited Offering Memorandum has been duly authorized by the City Council.

CITY OF PALMDALE, CALIFORNIA for and on behalf of the CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES)

By: _____
Ronda Perez,
City Manager

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The information in this Appendix A is presented as general background data. The 2025 Bonds are payable solely from the Special Tax Revenues and amounts held in certain funds and accounts under the Fiscal Agent Agreement, as described in the text of this Limited Offering Memorandum.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

City of Palmdale. The City of Palmdale (the "City") was incorporated on August 24, 1962 and became a charter City in November 2009. The City is located 60 miles north of the City of Los Angeles and is situated in the high desert at an elevation of 2,600 feet. Palmdale is part of a twin-city complex with its northern neighbor Lancaster and together they are the principal cities within the Antelope Valley region. Affordable housing in the Antelope Valley Regin has led to a dramatic spike in the population in recent decades.

The urbanized centers of Palmdale and Los Angeles are separated by the San Gabriel mountain range, which is about 40 miles (64 km) wide. The Antelope Valley Freeway (SR 14) is the major north–south highway connecting Palmdale to Los Angeles and Mojave.

The most important industry for Palmdale is the aerospace industry. The City has been the site of research, development, final assembly, flight testing and/or servicing/modifications of aircraft and spacecraft as varied as the Space Shuttle and B-2 Spirit. USAF Plant 42 is home to major operations of Boeing, Lockheed Martin and its famed Skunk Works, and Northrop Grumman.

Los Angeles County. The County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over 10 million, its population is the largest of any county in the nation. The County's economy is larger than that of 43 states and all but 20 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments.

Population

The table below summarizes population of the City, the County, and the State of California for the last five years.

CITY OF PALMDALE, LOS ANGELES COUNTY, and CALIFORNIA
Population

Year	City of Palmdale	Los Angeles County	State of California
2020	156,910	10,135,614	39,648,392
2021	168,845	9,942,011	39,286,510
2022	167,015	9,834,503	39,078,674
2023	165,917	9,761,210	38,940,231
2024	166,055	9,824,091	39,128,162

Source: California Department of Finance, Demographic Research Unit.

Employment

The following table summarizes historical employment and unemployment for the County, the State, and the United States:

LOS ANGELES COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2019	Los Angeles County	5,121,600	4,894,300	227,300	4.4
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	Los Angeles County	4,921,500	4,291,700	629,800	12.8
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Los Angeles County	4,994,100	4,548,900	445,200	8.9
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022	Los Angeles County	4,984,800	4,739,900	244,900	4.9
	California	19,252,000	18,440,900	811,100	4.2
	United States	164,287,000	158,291,000	5,996,000	3.6
2023	Los Angeles County	5,015,600	4,763,600	252,000	5.0
	California	19,308,300	18,388,300	920,000	4.8
	United States	167,116,000	161,037,000	6,080,000	3.6

[1] The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department and California Employment Development Department, Labor Market Division.

Major Employers in the Antelope Valley and Major Industries in the County

The table below sets forth the ten largest employers in the Antelope Valley in 2023.

ANTELOPE VALLEY
2023 Major Employers

Employer	No. of Employees	% of Total
Northrop Grumman	7,000	6.34%
Lockeed Martin	3,750	4.33
Antelope Valley Union High School District	3,089	3.56
Palmdale School District	2,100	2.42
Antelope Valley Mall	1,800	2.08
Palmdale Regional Medical Center	1,200	1.38
Palmdale Walmart	800	0.92
Robertson's Ready Mix Concrete	500	0.58
Palmdale Auto Mall	410	0.47
Granite Construction	400	0.46
Total Top 10	21,049	22.54%

Source: City of Palmdale 2022-23 ACFR.

The table below sets forth the ten largest industries by employment in Los Angeles County in 2023.

LOS ANGELES COUNTY
2023 Major Industries

Industry	No. of Employees	% of Total
Educational & Health Services	916,300	19.74%
Trade, Transportation and Utilities	839,700	18.09
Professional & Business Services	677,100	14.59
Government	583,200	12.57
Leisure & Hospitality	554,300	11.94
Manufacturing	320,000	6.89
Information	220,600	4.75
Financial Activities	215,700	4.65
Other Services	158,000	3.40
Construction	150,100	3.23
Total Top 10 Industries	4,635,000	99.85
All Other Industries	6,900	0.14
Total All Industries	4,641,900	100.00%

Source: Los Angeles County 2022-23 ACFR.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City:

CITY OF PALMDALE
Building Activity and Valuation
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Residential	$ 23,292,628	$ 61,895,362	$ 51,157,141	$ 84,987,753	$ 45,045,100
Nonresidential	21,548,566	19,417,778	14,768,335	12,302,406	18,762,305
Total Valuation	53,741	81,313,140	65,925,476	97,290,160	63,807,405
No. of New Dwelling Units:					
Single Dwelling	72	244	185	261	181
Multi-Dwelling	80	95	101	151	70
Total New Units	152	339	286	412	251

Source: City of Palmdale.

Per Capita Income

The following table summarizes the per capita personal income for the City, the County, the State, and the nation for the past five years.

CITY OF PALMDALE, LOS ANGELES COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Per Capita Personal Income

	2019	2020	2021	2022	2023
City of Palmdale[(1)]	$ 22,962	$ 54,307	$ 25,895	$ 31,026	$ 29,891
Los Angeles County[(2)]	62,573	67,383	73,385	74,142	--[(3)]
California	64,219	70,098	76,882	76,941	81,255
United States	55,566	59,123	64,460	66,244	69,810

(1) U.S. Census Bureau, American Community Survey.
(2) Department of Commerce, Bureau of Economic Analysis.
(3) Data not available.
Source: Nielsen, Inc. and Claritas LLC.

APPENDIX B

SECOND AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
FOR CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)

A Special Tax, as hereinafter defined, shall be levied and collected in the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) ("CFD No. 2022-3") each Fiscal Year commencing in Fiscal Year 2023/24, in an amount determined by the application of the procedures below. All Taxable Property, as hereinafter defined, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Accessory Dwelling Unit" or "ADU" means all Assessor's Parcels of Residential Property for which a building permit(s) has been issued for an "Accessory Dwelling Unit" as defined in California Government Code Section 65852.2(j)(1), as may be amended from time to time, that is accessory to a primary Unit. The ADU may be located on the same Assessor's Parcel as the primary Unit that is the primary Unit or on a separate Assessor's Parcel. For purposes of clarification, where an ADU and primary Unit are on the same Assessor's Parcel, the ADU located on such Assessor's Parcel is considered a separate Unit from the primary Unit on such Assessor's Parcel for purposes of the Special Tax. Should an Assessor's Parcel contain only an ADU, such Assessor's Parcel will be taxed as an ADU Unit only.

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. In the event that the Assessor's Parcel Map shows no acreage, the Acreage for any Assessor's Parcel may be determined by the CFD Administrator based upon, in the CFD Administrator's discretion, the applicable condominium plan, final map, parcel map, Assessor's Data or by using available spatial data and GIS.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2022-3 including, but not limited to, the following: the costs of any paying agents/fiscal agents/trustees related to CFD No. 2022-3 Bond payments (including the fees and expenses of related counsel); the costs of computing the Annual Special Tax Requirement, the Special Taxes and of preparing the collection schedules for the Special Taxes; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, County Tax Collector's Office or County Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements associated with applicable federal and state securities laws, or otherwise related to CFD No. 2022-3 or CFD No. 2022-3 Bonds; the City's annual administration fees and third party expenses; costs of responding to public inquiries regarding the Special Taxes; the costs of the City or designee related to an appeal of the Special Tax or interpretation of this Rate and Method of Apportionment of Special Taxes; amounts needed to pay any required arbitrage rebate to the federal government related to CFD No. 2022-3 Bonds; the costs associated with the release of funds from any escrow account; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in

CFD No. 2022-3. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-3 for any other administrative purposes of CFD No. 2022-3.

"Annual Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2022-3 to (1) pay Debt Service on all Outstanding CFD No. 2022-3 Bonds due in the Debt Year that commences in such Fiscal Year; (2) pay debt service on bonds expected to be issued by CFD No. 2022-3 due in the Debt Year that commences in such Fiscal Year; (3) Administrative Expenses; (4) provide any amount required to establish or replenish a reserve fund in connection with any CFD No. 2022-3 Bonds; (5) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (3) or (4). The amounts referred to in clauses (1) through (5) of the preceding sentence may be reduced in any Fiscal Year (in the City's sole discretion) by (i) surplus balances in funds and accounts for CFD No. 2022-3 Bonds to the extent that such balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax, and (iii) any other revenues available to pay Debt Service on the Outstanding CFD No. 2022-3 Bonds or other indebtedness as determined by the CFD Administrator.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Acreage, Building Square Footage, Lot Square Footage and Units.

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

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

"Assessor's Parcel Number" or "APN" 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" means the Assigned Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Backup Special Tax" means the Backup Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with the applicable subsection of Section C below.

"Building Permit" means a permit issued by the City for new construction of a residential or non-residential building on an Assessor's Parcel.

"Building Square Feet" or "BSF" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Building Square Feet shall be made by reference to the building permit(s) issued for such residential dwelling unit. In the event that the building permit does not show Building Square Feet, other records of the City or Assessor's Data shall be used as determined by the CFD Administrator.

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

"CFD No. 2022-3" means City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), established by the City Council pursuant to the Act.

"CFD No. 2022-3 Bonds" means bonds or other Debt (as defined in section 53317 of the Act), whether in one or more series, issued or assumed by or on behalf of the City for CFD No. 2022-3 under the Act, and secured by pledge of the Special Taxes.

"City" means the City of Palmdale, California.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2022-3.

"County" means the County of Los Angeles, California.

"Debt Service" means for each Debt Year, the total amount of principal and interest due on any Outstanding CFD No. 2022-3 Bonds.

"Debt Year" means the twelve (12) month period ending on the second debt service payment date of each calendar year.

"Developed Property" means, in any Fiscal Year, all Taxable Property in CFD No. 2022-3 for which a Building Permit for new construction was issued by the City prior to March 1 of the preceding Fiscal Year.

"Exempt Property" means all property located within the boundaries of CFD No. 2022-3 which is exempt from the Special Tax pursuant to Section E below.

"Final Map Property" means, in any Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a Final Subdivision Map has recorded prior to January 1 of the preceding Fiscal Year.

"Final Subdivision Map" means a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.)* or recordation of a condominium plan pursuant to California Civil Code 4285, that creates individual lots for which Building Permits may be issued without further subdivision of such property.

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

"GIS" or "Geographic Information System" means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2022-3 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1.

"Lot Square Feet" or "LSF" means, for any Assessor's Parcel, the Acreage divided by 43,560.

"Maximum Special Tax" means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Non-Residential Property" means, in any Fiscal Year all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a structure intended for non-residential use.

"Open Space Property" means property within the boundaries of CFD No. 2022-3 which (i) has been designated with specific boundaries and Acreage on a final subdivision map as open space, (ii) has been irrevocably offered for dedication as open space to the federal government, the State, the County, the City, or any other public agency, or (iii) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Outstanding CFD No. 2022-3 Bonds" means all CFD No. 2022-3 Bonds which are outstanding under and in accordance with the provisions of the Indenture.

"Property Owner's Association" or "POA" means any duly constituted property owner's association. As used in this definition, a Property Owner's Association includes any home-owner's association, condominium owner's association, master or sub-association or non-residential owner's association.

"Property Owner's Association Property" means any property within the boundaries of CFD No. 2022-3 which is (a) owned by a Property Owner's Association or (b) designated with specific boundaries and acreage on a final subdivision map as Property Owner Association Property.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal. For Final Map Property, "Proportionately" means that the ratio of the actual Special Tax Levy to the Assigned Special Tax or the Backup Special Tax is equal. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal.

"Public Property" means any property within the boundaries of CFD No. 2022-3 which (i) is owned by a public agency, (ii) has been irrevocably offered for dedication to a public agency, or (iii) is designated with specific boundaries and Acreage on a final subdivision map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State, the County, the City, school districts, or any other governmental agency.

"Rate and Method of Apportionment" means this Second Amended and Restated Rate and Method of Apportionment of Special Taxes for CFD No. 2022-3.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential Units.

"Ritter Ranch Specific Plan" means Specific Plan 89-02 approved by the City on March 3, 1992 by Ordinance No. 964, as amended on October 11, 1995 by Ordinance No. 1076 (Specific Plan Amendment 95-1-RR).

"Single Family Residential Attached Property" means all Assessor's Parcels of Residential Property for which a building permit(s) has been issued for (i) an attached residential structure or (ii) property with a single family attached designation according to the Ritter Ranch Specific Plan including detached and paired townhomes.

"Single Family Residential Detached Property" means all Assessor's Parcels of Residential Property for which a building permit(s) has been issued for a detached residential structure intended as a single primary Unit.

"Special Tax(es)" means the special tax or special taxes to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2022-3 to fund the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all the Assessor's Parcels within the boundaries of CFD No. 2022-3 that are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessors Parcels of Property Owner Association Property that are not exempt pursuant to Section E herein.

"Taxable Public Property" means all Assessors Parcels of Public Property that are not exempt pursuant to Section E herein.

"Tract" means the reference to a unique number that identifies a particular tentative or Final Subdivision Map.

"Trustee" means the trustee or fiscal agent or paying agent acting as such under the applicable Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Unit" means (i) for Single Family Residential Attached Property, an individual single family attached residential unit or property with a single family attached designation according to the Ritter Ranch Specific Plan, (ii) for Single Family Residential Detached Property, an individual single family detached residential unit. The number of Units assigned to each Assessor's Parcel may be determined by (i) referencing Assessor's Data, (ii) site surveys and physical unit counts, and/or (iii) other research by the CFD Administrator.

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 2022-3 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of CFD No. 2022-3 Bonds, as applicable, any Assessor's Parcels that received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, the CFD Administrator shall determine the Assessor's Parcel Numbers for all Taxable Property within CFD No. 2022-3 for the then-current Fiscal Year. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated, or otherwise reconfigured, the Maximum Special Tax shall be assigned to the new Assessor's Parcels Numbers pursuant to Section C. The CFD Administrator shall also determine: (i) which Parcels are Developed Property, Final Map Property, Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property; (ii) the number of Units or Acreage each Parcel contains; (iii) the property type, i.e., Single Family Residential Attached Property, Single Family Residential Detached Property, Accessory Dwelling Unit, Non-Residential Property, etc.; (iv) the Tract where the Assessor's Parcel is located; and (v) the Annual Special Tax Requirement for the Fiscal Year. The Assigned Special Tax for Single Family Residential Attached Property shall be based on the number of Units on such Assessor's Parcel and the Building Square Feet of the Units located on such Assessor's Parcel and, if applicable, on the Tract where the Assessor's Parcel is located. The Assigned Special Tax for Single Family Detached Property shall be based on the number of Units on such Assessor's Parcel, the Building Square Feet of the Units located on such Assessor's Parcel, the Lot Square Feet of such Assessor's Parcel, and, if applicable, the Tract where the Assessor's Parcel is located. The Assigned Special Tax for Non-Residential Property, Taxable Property Owner Association Property and Taxable Public Property shall be based on the Acreage of the Assessor's Parcel and, if applicable, the Tract where the Assessor's Parcel is located.

C. MAXIMUM SPECIAL TAX RATES

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

a. Assigned Special Tax

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

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
FISCAL YEAR 2025/26

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$2,692.56 per Unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$2,140.10 per Unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$3,519.67 per Unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$3,172.18 per Unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$2,758.10 per Unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$4,253.16 per Unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$3,977.45 per Unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$3,563.37 per Unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$4,597.53 per Unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$4,037.79 per Unit
1-E	Accessory Dwelling Unit	N/A	N/A	See below
2-E	Non-Residential Property	N/A	N/A	$23,441.25 per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

1. 800 BSF / 2,000 BSF = 0.40 or 40%
   $2,692.56 Assigned Special Tax per Unit x 40% = $1,077.02 Assigned Special Tax for such ADU

b. Backup Special Tax

The Fiscal Year 2025/26 aggregate Backup Special Tax attributable to property within a Final Subdivision Map will equal $23,441.25 multiplied by the Acreage of all Taxable Property located within such Final Subdivision Map, excluding Acreage associated with current or expected Taxable Public Property and Taxable Property Owner Association Property.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Subdivision Map shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which building permits for residential construction have or may be issued, as determined in the preceding paragraph, by the number of such Assessor's Parcels (i.e., the number of residential lots).

Notwithstanding the foregoing, if all or any portion of a Final Subdivision Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Subdivision Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Subdivision Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Taxable Public Property and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area, as reasonably determined by the CFD Administrator.

The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Subdivision Map.

c. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2026 and ending on 2038/39, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Map Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

d. Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Special Tax levied on an Assessor's Parcel shall be the sum of the Special Tax for all Land Use Classes located on that Assessor's Parcel.

2. Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be $23,441.25 per Acre in Fiscal Year 2025/26.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2026 and ending on 2038/39, the Maximum Special Tax for Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

Commencing with Fiscal Year 2025/26 and for each following Fiscal Year, the CFD Administrator shall determine the Annual Special Tax Requirement and shall levy the Special Tax until the amount of the Special Tax levied equals the Annual Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

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

Second: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at a rate up to 100% of the Maximum Special Tax for Final Map Property to satisfy the Annual Special Tax Requirement.

Third: If additional monies are needed to satisfy the Annual Special Tax Requirement after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at a rate up to 100% of the Maximum Special Tax for Undeveloped Property to satisfy the Annual Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the applicable Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Fifth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property at a rate up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property to satisfy the Annual Special Tax Requirement.

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

E. EXEMPTIONS

1. No Special Tax shall be levied on up to 35.20 Acres of Property Owner Association Property, and up to 120.70 Acres of Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property, or Public Property.
2. Property Owner Association Property, that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Property Owner Association Property. Taxable Property Owner Association Property shall be subject to the levy of the Special Tax and shall be taxed

Proportionately as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

3. Public Property, that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Public Property. Taxable Public Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the sixth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property.

4. No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property.

F. APPEAL OF SPECIAL TAX LEVY

Any property owner may file a written appeal of the Special Tax with the CFD Administrator claiming that the amount or application of the Special Tax is not correct with respect to one or more specific Assessor's Parcels. 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 the Special Taxes theretofore levied on the Assessor's Parcel(s). In addition, during the term of the appeal process, all Special Tax levied must be paid for the subject Assessor's Parcel(s) prior to delinquency.

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 requires the Special Tax to be modified or changed in favor of the property owner, then an adjustment shall be made to credit future Special Taxes.

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. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT

The City may, by resolution or ordinance, interpret, clarify and/or revise this Rate and Method of Apportionment to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of Assessor's Parcels, or any definition used herein, as long as once CFD No. 2022-3 Bonds have been issued such correction does not materially adversely affect the levy and collection of Special Taxes on any Assessor's Parcel needed to repay the CFD No. 2022-3 Bonds. In addition, the interpretation and application of any section of this document shall be at the CFD Administrator's discretion.

H. 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, that the CFD Administrator may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of CFD No. 2022-3. The City may covenant to foreclose and may actually foreclose or cause an action for foreclosure to be prosecuted in respect of Assessor's Parcels of Taxable Property that are delinquent in the payment of the Special Tax.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by CFD No. 2022-3.

"Buildout" means the state of maximum development of CFD No. 2022-3 and any property annexed thereto, based on plans and anticipated development.

"CFD Public Facilities Cost" means $68,048,940 for CFD No. 2022-3, expressed in 2024 dollars, which shall increase by the annual percentage change in the Construction Inflation Index on July 1, 2025 and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2022-3 under the authorized bonding program for CFD No. 2022-3, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year, but not less than zero percent. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means, as of the date of prepayment, the CFD Public Facilities Costs minus the proceeds of any Previously Issued CFD No. 2022-3 Bonds which were, at the time of issuance, available to the City for Authorized Facilities.

"Previously Issued CFD No. 2022-3 Bonds" means all Outstanding CFD No. 2022-3 Bonds that have been issued by CFD No. 2022-3 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax obligation of an Assessor's Parcel of Developed Property, Taxable Public Property, Final Map Property, or Undeveloped Property for which a Building Permit has been issued, may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax 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 obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Outstanding CFD No. 2022-3 Bonds, if any. Proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. If a prepayment is made prior to the issuance of CFD No. 2022-3 Bonds, the Redemption Premium, Interest Amount, Reserve Fund Credit and Capitalized Interest Credit as calculated below, shall be zero. The CFD Administrator may charge the property owner requesting a prepayment calculation a fee for providing this service.

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

	Bond Redemption Amount	
	Plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Interest Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	less	Capitalized Interest Credit
Total:	equals	Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Step Number:

1. Confirm that no Special Tax delinquency apply to such Assessor's Parcel, and if delinquencies are applicable compute all amounts due, including interest and penalties.

2. For Assessor's Parcels of Developed Property and Taxable Public Property compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Map Property, and Undeveloped Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permits issued for that Assessor's Parcel.

3. a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for CFD No. 2022-3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2022-3.

   b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for CFD No. 2022-3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2022-3.

   c. Determine which quotient computed pursuant to Step 3.a or 3.b is larger (the "Maximum Special Tax Percentage").

4. Multiply the Maximum Special Tax Percentage by the Outstanding CFD No. 2022-3 Bonds to compute the principal amount of Outstanding CFD No. 2022-3 Bonds to be redeemed (the *"Bond Redemption Amount"*).

5. Compute the Future Facilities Costs.

6. Multiply the Maximum Special Tax Percentage by the total Future Facilities Costs to compute the Future Facilities amount to be prepaid (the *"Future Facilities Amount"*).

7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding CFD No. 2022-3 Bonds to be redeemed (the "*Redemption Premium*") determined by reference to the Indenture.

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 CFD No. 2022-3 Bonds (the "*Interest Amount*").

9. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding CFD No. 2022-3 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").

10. If reserve funds for the Outstanding CFD No. 2022-3 Bonds held under the Indenture, if any, are at or above 100% of the then reserve requirement (as required by the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve requirement for the Outstanding CFD No. 2022-3 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 applicable reserve requirement on the prepayment date or if the Reserve Fund is satisfied by a credit instrument rather than cash funded.

11. If any capitalized interest for the Outstanding CFD No. 2022-3 Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the Maximum Special Tax Percentage by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 8 and 9 less the amount computed pursuant to Steps 10 and 11 (the "*Prepayment Amount*").

13. From the Prepayment Amount, the amounts computed pursuant to Step 6 shall be used by the City to pay for Future Facilities Costs. The amounts computed pursuant to Steps 4, 6, 7 and 8 shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding CFD No. 2022-3 Bonds or make Debt Service payments. The amount computed pursuant to Step 9 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Special Tax Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Outstanding CFD No. 2022-3 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 Outstanding CFD No. 2022-3 Bonds or to make Debt Service payments.

Current year Special Taxes that are not yet paid will remain outstanding and will be collected in the manner billed. With respect to any Assessor's Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax and the obligation of such Assessor's Parcel satisfied.

Notwithstanding the foregoing, no prepayment will be allowed unless the Maximum Special Tax that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding CFD No. 2022-3 Bonds plus annual Administrative Expenses, as reasonably estimated by the CFD Administrator.

2. Prepayment in Part

The Special Tax may be partially prepaid, provided that a partial prepayment may be made only after all authorized CFD No. 2022-3 Bonds have been issued and only for Assessor's Parcels of Developed

Property, Final Map Property, Taxable Public Property and Undeveloped Property for which a Building Permit has been issued and only if there are no delinquent Annual Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment
P_E = the Special Tax Prepayment Amount calculated according to Section I.1
F = the Maximum Special Tax Percentage

The Special Tax 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 partial prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within 45 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 prepayment funds remitted according to Section I.1, and (ii) indicate in the records of CFD No. 2022-3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

J. SPECIAL TAX REDUCTION

The following definitions apply to this Section J:

"Issuance Date" means the date a bond purchase contract related to the sale of the CFD No. 2022-3 Bonds is entered into between the purchaser of the CFD No. 2022-3 Bonds and CFD No. 2022-3.

"Plan Type" means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, condominium) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2022-3 as identified in the Price Point Study.

"Price Point Consultant" means any consultant or firm of such consultants selected by the City that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 2022-3 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD 2022-3, (ii) the City, (iii) any owner of real property in CFD No. 2022-3, or (iv) any real property in CFD No. 2022-3, and (e) is not connected with CFD No. 2022-3 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-3 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 which (a) sets forth the Plan Types constructed or expected to be constructed

within CFD No. 2022-3, (b) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (c) sets forth such Price Point Consultant's estimate of the Price Point for each Plan Type and (d) uses a date for establishing such Price Points that is no earlier than 30 days and no later than 180 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section C herein.

"Total Effective Tax Rate" means, for a Plan Type, the quotient of (a) the Total Tax Burden for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

"Total Tax Burden" means, for any Unit of Single Family Residential Property, the sum of the Assigned Special Tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges, and excluding services charges such as sewer and trash, which are collected by the County via property tax bills and which are payable from and secured by the property, assuming such Unit of Single Family Residential Property has been completed, sold and subject to such levies and impositions.

Special Tax Reduction Calculation

Prior to the issuance of the first series of CFD No. 2022-3 Bonds, the following steps shall be taken for each Land Use Class of Residential Property in CFD No. 2022-3:

A. Mandatory Calculation Based on Price Point Study:

1. At least 30 days prior to the expected Issuance Date of the first series of CFD No. 2022-3 Bonds, CFD No. 2022-3 shall cause a Price Point Study to be delivered to the CFD Administrator.

2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax Burden and Total Effective Tax Rate for each Plan Type.

3. Separately, for each Land Use Class of Residential Property, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.

    a. If the Total Effective Tax Rate for all Plan Types in a Lands Use Class is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class.

    b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed 2.00%.

    c. For each Land Use Class group (i.e., A, B, C or D) as shown in Table 1, if the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it for such Land

Use Class (e.g., the Assigned Special Tax for Land Use Class 1-B is less than the Assigned Special Tax for Land Use Class 2-B), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2-B shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1-B).

4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property. The revised Backup Special Tax per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre as set forth in Section C above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed and converted to a percentage.

5. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Attachment A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2022-3. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Table 1 in Section C for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in in Section C.1.(b) that was not revised as determined pursuant to step 4.

6. If the Issuance Date of the first series of CFD No. 2022-3 Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-3 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2022-3 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of CFD No. 2022-3 Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of CFD No. 2022-3 Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2022-3 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2022-3 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-3

reflecting the Assigned Special Taxes and the Backup Special Tax set forth in such Certificate of Reduction in Special Taxes.

8. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However, the CFD Administrator shall prepare and deliver to CFD No. 2022-3 a Certificate of No Reduction in Special Taxes substantially in the form of Attachment B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section J have been made and that no changes to the Maximum Special Tax are necessary.

9. CFD No. 2022-3 and the CFD Administrator shall take no further actions under this Section J.A. upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2022-3 on a Certificate of Reduction in Special Taxes pursuant to step A.6.; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step A.8.

B. Optional Reduction at Property Owner Request:

1. Notwithstanding the foregoing, prior to the issuance of the first series of CFD No. 2022-3 Bonds, upon the request of the property owner, the CFD Administrator may reduce the Assigned Special Tax as shown in Table 1 and Maximum Special Tax on a Tract-by-Tract basis to an amount or amounts as requested by the property owner.

2. As soon as practicable after the execution by CFD No. 2022-3 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2022-3 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-3 reflecting the Assigned Special Taxes and the Backup Special Tax set forth in such Certificate of Reduction in Special Taxes.

3. CFD No. 2022-3 and the CFD Administrator shall take no further actions under this Section J.B. upon the issuance of the first series of CFD No. 2022-3 Bonds.

K. TERM

The Special Tax shall be levied and collected as needed to fund the Annual Special Tax Requirement for up to 60 years from the initial levy of the Special Tax. In any event no Special Tax shall be levied for CFD. No. 2022-3 after the 2083/84 Fiscal Year.

ATTACHMENT A

CERTIFICATE OF REDUCTION IN SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2022-3

1. Pursuant to Section J of the Rate and Method of Apportionment of Special Taxes attached to the Notice of Special Tax Lien recorded in the Official Records of the County of Los Angeles as Document No. _____ on the _____ day of ____, 20__, the CFD Administrator hereby reduces the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within CFD No. 2022-3.

2. The calculations made pursuant to Section J were based upon a Price Point Study that was received by the CFD Administrator on _____ and/or a request of the property owner that was received by the CFD Administrator on _____.

3 . Table A-1 below shows the Assigned Special Tax for each Land Use Class for all Tracts or a specific Tract after such reduction:

Table A-1
Reduced Assigned Special Taxes for Developed Property
Tract No. _____

Fiscal Year _____

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$____ per unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$____ per unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$____ per unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$____ per unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$____ per unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$____ per unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$____ per unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$____ per unit
1-E	Accessory Dwelling Unit	N/A	N/A	See Below
2-E	Non-Residential Property	N/A	N/A	$____ per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

a. 800 BSF / 2,000 BSF = 0.40 or 40%
b. $_____Assigned Special Tax per Unit x 40% = $_____ Assigned Special Tax for such ADU

4. The Backup Special Tax for each Assessor's Parcel of Developed Property in CFD No. 2022-3 shall be equal to $_____ after such reduction.
5. The Maximum Special Tax for each Assessor's Parcel of Final Map Property and Undeveloped Property in CFD No. 2022-3 shall be $_____ per Acre.
6. Upon execution of the certificate by the City, the CFD Administrator shall cause an amended notice of special tax lien for CFD No. 2022-3 to be recorded reflecting the modifications set forth herein.
7. By execution hereof, the undersigned acknowledges, on behalf of the City and CFD No. 2022-3, receipt of this certificate and modification of the Rate and Method of Apportionment of Special Taxes as set forth in this certificate.

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

Community Facilities District No. 2022-3 of the City of Palmdale

By: _____ Date as of : _____
[closing date of Bonds]

ATTACHMENT B

CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2022-3

1. All calculations required pursuant to Section J of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _____ and/or a request of the property owner that was received on _____.

2. Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%.

3. The Maximum Special Tax for Developed Property within CFD No. 2022-3, including the Assigned Special Taxes set forth in Sections C.1.(a) and the Backup Special Tax set forth in Section C.1.(b) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: _____ Date as of: _____
[closing date of Bonds]

APPENDIX C

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Limited Offering Memorandum. This summary does not purport to be comprehensive or definitive and is subject to all of the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.

Definitions

"Acquisition Agreement" means the Acquisition Agreement No. A-8174, dated as of November 1, 2022, between the City and RdR Development Holdings, LLC, as amended by Supplement No. 1 to Acquisition Agreement (A-8174), dated as of February 1, 2025, between the City and RdR Development Holdings, LLC, and as it may be further amended or supplemented in accordance with its terms.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to the Fiscal Agent Agreement, any amounts paid or payable to any persons or entities (including but not limited to any Tax Consultant) employed by the City in connection with the discharge of any of the City's obligations under the Fiscal Agent Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes and expenses of the City and/or the District in connection with any bankruptcy proceedings involving parcel(s) in the District with delinquent Special Taxes, and the calculation of amounts subject to rebate to the United States), , and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Fiscal Agent Agreement or in connection with the 2025 Bonds and, in the case of the City, in any way related to the administration of the Bonds or the District. Administrative Expenses will include any such expenses incurred in prior years but not yet paid.

"Administrative Expense Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Affiliate" means, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, another Person. For the purpose of this definition, "control" means having direct or indirect power to direct or cause the direction of the management or policies of a non-natural Person (including the right to veto policy decisions), whether through the ownership of voting interests, by agreement, or otherwise.

"Agreement" means the Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions of the Fiscal Agent Agreement.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of the Fiscal Agent Agreement) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to the Fiscal Agent Agreement).

"Auditor" means the auditor/controller of the County, as such other official at the County who is responsible for preparing property tax bills.

"Authorized Denominations" means: (a) with respect to the 2025 Bonds: (i) until such time as the requirements of Section 2.06(B)(ii) have been satisfied, $250,000 or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $250,000; and (ii) from and after the requirements of Section 2.06(B)(ii) have been satisfied, $100,000 or any integral multiple of $5,000 in excess thereof, except that one 2025 Bond may be in the principal amount

of the portion of the then Outstanding principal amount of the 2025 Bonds not divisible by $100,000; and (b) with respect to any series of Parity Bonds, the denominations specified in the Supplemental Agreement providing for the issuance of such series of Parity Bonds.

"Authorized Officer" means the Mayor, the City Manager, the Director of Operations, the Director of Finance, the City Clerk, or any other officer or employee of the City authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means any attorney or other firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year except that the first Bond Year will begin on the Closing Date and end on September 1, 2025.

"Bonds" means, collectively, the 2025 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Principal Office is located are authorized or obligated by law or executive order to be closed.

"Capitalized Interest Account" means the account by that name established under the Fiscal Agent Agreement.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State or any successor agency or bureau thereto.

"CFD 93-1" means the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch).

"CFD 93-1 Funds" means the funds held in the Improvement Fund under the 1995 Fiscal Agent Agreement deposited to the 1995 Account of the Improvement Fund pursuant to the Fiscal Agent Agreement.

"City" means the City of Palmdale, California.

"Closing Date" means the date upon which there is a physical delivery of the 2025 Bonds in exchange for the amount representing the purchase price of the 2025 Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2025 Bonds or (except as otherwise referenced in the Fiscal Agent Agreement) as it may be amended to apply to obligations issued on the date of issuance of the 2025 Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of _____ 1, 2025, executed by the City and NBS as the initial Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the 2025 Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent's counsel, expenses incurred by the City in connection with the issuance of the 2025 Bonds and the transfer of the CFD 93-1 Funds to the Fiscal Agent, special tax consultant fees and expenses, municipal advisor fees and expenses, Bond (underwriter's) discount, appraisal fees, legal fees and charges, including bond counsel and disclosure counsel, charges for execution, transportation and safekeeping of the 2025 Bonds and other costs, charges and fees in connection with the foregoing.

"Cost of Issuance Fund" means the fund by that name established by the Fiscal Agent Agreement.

"County" means the County of Los Angeles, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal (including principal payable by reason of the mandatory sinking payment provisions of the Fiscal Agent Agreement) on the Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

"District" means the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), formed pursuant to the Law and the Resolution of Formation.

"District Value" means the market value as determined by reference to (i) an appraisal performed within three (3) months of, as applicable, (a) the date of issuance of any proposed Parity Bonds, or (b) a change in the transfer restrictions and Authorized Denominations of the 2025 Bonds, in each case by an MAI appraiser (the "Appraiser") selected by the City, of the parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, or (ii), in the alternative, as to some or all of the parcels, the assessed value of any such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director will be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National

Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Director of Operations of the City or any person otherwise acting as the chief financial officer of the City, or such person's written designee.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation, bank or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name established pursuant to the Fiscal Agent Agreement.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or any Authorized Officer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Law; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, (at http://emma.msrb.org); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing September 1, 2025.

"Law" means the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code.

"Maximum Annual Debt Service" means the largest Annual Debt Service for the then current Bond Year and any Bond Year after the calculation is made through the final scheduled maturity date for any Outstanding Bonds.

"Minimum Administrative Expense Requirement" means (a) for Fiscal Year 2024-2025, $100,000.00; and (b) for each Fiscal Year after Fiscal Year 2024-2025, an amount equal to 102%of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

"Moodys" means Moody's Investors Service, New York, New York, or its successors.

"1995 Account" means the 1995 Account within the Improvement Fund established pursuant to the Fiscal Agent Agreement.

"1995 Fiscal Agent Agreement" means the Amended and Restated Fiscal Agent Agreement (A-4261), dated as of March 1, 2014, between the City, for and on behalf of CFD 93-1, and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, as fiscal agent, as amended and in effect on the Closing Date.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means Ordinance No. 1597, adopted by the City Council of the City on October 24, 2022, and any other ordinance of the City levying the Special Taxes.

"Original Purchaser" means the first purchaser of the 2025 Bonds from the City, being Hilltop Securities Inc.

"Outstanding", when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds will have been authorized, executed, issued and delivered by the City pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who will be the registered owner of any Outstanding Bond.

"Parity Bonds" means bonds issued by the City for the District payable and secured on a parity with any then Outstanding Bonds, pursuant to the Fiscal Agent Agreement.

"Participating Underwriter" will have the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise legal investments for funds of the City:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody's or S&P, and which have a maximum term to maturity not to exceed three years.

(c) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, or a state or federal savings and loan association which may include the Fiscal Agent and its affiliates; provided, that the certificates of deposit will be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation and/or continuously and fully secured by securities described in subdivision (a) or (b) of the definition of Permitted Investments which will have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(d) Commercial paper which at the time of purchase is rated in one of the two highest rating categories as provided by either Moody's or S&P (without regard to refinement or gradation), which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's or S&P, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to the definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally charted bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of the definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars ($100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and "AA" or better, respectively, by Moody's and S&P at the time of initial investment. The investment agreement will be subject to a downgrade provision with at least the following requirements: (1) the agreement will provide that within five business days after the financial institution's long-term unsecured credit rating has been withdrawn, suspended, other

than because of general withdrawal or suspension by Moody's or S&P from the practice of rating that debt, or reduced below "AA-" by S&P or below "Aa3" by Moody's (these events are called "rating downgrades") the financial institution will give notice to the City and, within the five-day period, and for as long as the rating downgrade is in effect, will deliver in the name of the City or the Fiscal Agent to the City or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of the definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and will deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which will be at least weekly, and (2) the agreement will provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's or below "A-" by S&P, the Fiscal Agent or the City may, upon not more than five business days' written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement

(g) The Local Agency Investment Fund of the State.

(h) Investments in a money market mutual fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's or S&P.

(i) Money market deposit accounts, time deposits and certificates of deposits, issued by commercial banks (including those of the Fiscal Agent, its parent and its affiliates), savings and loan associations or mutual savings banks whose short-term obligations of which are rated on the date of purchase "A-2" or better by S&P and "P-2" by Moody's.

(j) Any other lawful investment for City funds.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities.

"Phase 1 Interim Agreement" means the Phase 1 Interim Agreement – Ritter Ranch Development (A-7796), dated April 20, 2022, among RdR Development Holdings, LLC, PHCC and the City.

"PHCC" means PHCC LLC (d/b/a Preston Hollow Community Capital), a Delaware limited liability company, and any successor thereto.

"Principal Office" means the corporate trust office of the Fiscal Agent as identified pursuant to the Fiscal Agent Agreement; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the facilities eligible to be funded by the District, as specified by the Resolution of Formation.

"Qualified Institutional Buyer" has the meaning given such term in Rule 144A of the Securities Act.

"Rate and Method of Apportionment" means the Rate and Method of Apportionment of Special Tax for the District, as approved by proceedings pursuant to the Resolution of Consideration, and as it may be amended from time to time in accordance with the provisions of the Law.

"Record Date" means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any

Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Registration Books" means the records maintained by the Fiscal Agent pursuant to the Fiscal Agent Agreement for the registration and transfer of ownership of the Bonds.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Reserve Fund" means the fund by that name established pursuant to the Fiscal Agent Agreement.

"Reserve Requirement" means, as of any date of calculation, an amount equal to one-half of the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds.

"Resolution" means Resolution No. CC 2024-___, adopted by the City Council of the City on November 20, 2024, authorizing the issuance of the 2025 Bonds.

"Resolution of Consideration" means Resolution No. CC 2024-081, adopted by the City Council of the City on November 6, 2024.

"Resolution of Formation" means Resolution No. CC 2022-109, adopted by the City Council of the City on October 24, 2022.

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"Securities Act" means the United States Securities Act of 1933, as amended and in effect from time to time.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 1SL, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Special Tax Prepayments" means the proceeds of any prepayments of Special Taxes received by the City, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name within the Bond Fund established by the Fiscal Agent Agreement.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and 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 Taxes up to the amount of said lien, but will not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

"Special Taxes" means the special tax levied within the District pursuant to the Law, the Ordinance and the Fiscal Agent Agreement.

"State" means the State of California.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Law and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

"Tax Consultant" means NBS, or another independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

"2025 Bonds" means the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds, issued and Outstanding under the Fiscal Agent Agreement.

Pledge of Special Tax Revenues

The Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated in the Fiscal Agent Agreement to the payment of the principal of, and interest and any premium on, the Bonds as provided therein and in the Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement.

Amounts in the Improvement Fund, the Administrative Expense Fund, the Costs of Issuance Fund and the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement or deposited to the Improvement Fund pursuant to the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. The facilities financed by the District are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the District are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Funds and Accounts

Improvement Fund. There is established under the Fiscal Agent Agreement a separate fund to be held by the Fiscal Agent, the Improvement Fund, and within the Improvement Fund a 1995 Account. A deposit will be made to the Improvement Fund from the proceeds of the 2025 Bonds, and shall be made to the 1995 Account as required by the Fiscal Agent Agreement. Moneys in the Improvement Fund and the 1995 Account will be held by the Fiscal Agent for the benefit of the City and will be disbursed for the payment or reimbursement of costs of the Project. Moneys in the Improvement Fund are not pledged as security for the 2025 Bonds.

Disbursements from the Improvement Fund will be made by the Fiscal Agent upon receipt of an Officer's Certificate which must: (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and (ii) certify that the disbursement is for amounts owing by the City under the Acquisition Agreement or otherwise for a purpose eligible to be funded with the amount to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursement.

Disbursements shall be made by the Fiscal Agent from the 1995 Account upon receipt of an Officer's Certificate which shall: (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and (ii) certify that the disbursement is pursuant to and in accordance with the provisions of the Phase 1 Interim Agreement, and that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursements.

Moneys in the Improvement Fund and the 1995 Account will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits from the investment and deposit of amounts in the Improvement Fund and the 1995 Account will be retained in the Improvement Fund and the 1995 Account, respectively, to be used for the purposes thereof.

Upon the filing of an Officer's Certificate stating that the portion of the Project to be financed and any other expenses to be paid from the Improvement Fund have been completed and paid, respectively, the Fiscal Agent shall

transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds and the Improvement Fund will be closed.

Upon the filing of an Officer's Certificate stating that the work described in Exhibit 1, Exhibit 2 and Exhibit 3 to the Phase 1 Interim Agreement has been completed and paid for, the Fiscal Agent shall transfer the amount, if any, remaining in the 1995 Account to the City to be used by the City for costs related to CFD 93-1, or otherwise authorized to be funded by CFD 93 1.

Special Tax Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Special Tax Fund. There will be deposited to the Special Tax Fund all Special Tax Revenues received by the City, which the City is obligated to transfer, as soon as practicable following receipt by the City, to the Fiscal Agent. In addition, the Fiscal Agent will deposit in the Special Tax Fund amounts to be transferred thereto pursuant to The Fiscal Agent Agreement.

Notwithstanding the foregoing,

(i) with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year; first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City (and the City will so use such amount to pay Administrative Expenses); and second, any remaining portion of such amount will be separately identified by the City and will be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the City and will be deposited by the Fiscal Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to the Special Tax Fund for use as described in the Fiscal Agent Agreement; and

(iii) any proceeds of Special Tax Prepayments will be separately identified by the City and will be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the CFD Public Facilities Costs (as defined in Section I of the Rate and Method of Apportionment) will be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to the Fiscal Agent Agreement, and if the Improvement Fund has been closed, then such amount will be retained by the City to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment will be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

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

From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date or date for optional redemption of the Bonds, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Special Tax Fund, the Reserve Fund, the Special Prepayments Account and the Capitalized Interest Account to the Bond Fund pursuant to the Fiscal Agent Agreement, such that the amount in the Bond Fund equals the principal (including any sinking payment, or principal due pursuant to optional or special tax prepayment redemptions), premium, if any, and interest due on the Bonds on the next Interest Payment Date or date for optional redemption of the Bonds, as applicable, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; provided that no such transfers will exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in

the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make transfers to the Bond Fund and the Reserve Fund referred to in the prior paragraph, to the Administrative Expense Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

Moneys in the Special Tax Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from investment of amounts in the Special Tax Fund will be retained in the Special Tax Fund to be used for the purposes thereof.

Administrative Expense Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Administrative Expense Fund, to the credit of which deposits will be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund are to be held by the Fiscal Agent for the benefit of the City, and will be disbursed as provided in the Fiscal Agent Agreement. Moneys in this fund are not pledged as security for the 2025 Bonds.

Amounts in the Administrative Expense Fund will be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense.

Annually, on the last day of each Fiscal Year commencing with the last day of Fiscal Year 2024-25, the Fiscal Agent will withdraw any amounts then remaining in the Administrative Expense Fund in excess of $25,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

Moneys in the Administrative Expense Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained in the Administrative Expense Fund to be used for the purposes of such fund.

Costs of Issuance Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Costs of Issuance Fund, to the credit of which a deposit will be made as required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund will be held by the Fiscal Agent and will be disbursed as provided in the Fiscal Agent Agreement. Moneys in this fund are not pledged as security for the 2025 Bonds.

Amounts in the Costs of Issuance Fund will be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2025 Bonds. The Fiscal Agent will pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such Officer's Certificate will be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent will have no duty to confirm the accuracy of such facts. The Fiscal Agent will maintain the Cost of Issuance Fund for a period of 90 days from the Closing Date and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Improvement Fund, and following such transfer the Fiscal Agent will close the Cost of Issuance Fund.

Moneys in the Cost of Issuance Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Fiscal Agent in the Cost of Issuance Fund to be used for the purposes of such fund.

Bond Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Bond Fund to the credit of which deposits will be made as required by the Fiscal Agent Agreement, and any other amounts required to be deposited therein by the Fiscal Agent Agreement or the Law. There are also separate accounts created in the Bond Fund held by the Fiscal Agent, consisting of (i) the Capitalized Interest Account and (ii) the Special Tax Prepayments Account. Moneys in the Bond Fund and the accounts therein will be held by the Fiscal Agent for the benefit of the Owners of the Bonds, will be disbursed for the payment of the principal of, and interest and

any premium on, the Bonds as provided below, and, pending such disbursement, will be subject to a lien in favor of the Owners of the Bonds.

On each Interest Payment Date and on each date of optional redemption of the Bonds, and following any transfers required pursuant to the Fiscal Agent Agreement in connection with such Interest Payment Date or optional redemption date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement, or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer described in clause (ii) of the second paragraph under "Special Tax Fund" above will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding sentence, the Fiscal Agent will withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund will be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds including principal due by reason of sinking payments. Each such payment will be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled will be added to the sinking payment to be made on the next sinking payment date.

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

All moneys in the Capitalized Interest Account will be transferred to the Bond Fund (a) on the Business Day prior to September 1, 2024, March 1, 2025 and September 1, 2025 in the amount necessary to pay the Debt Service due on the 2025 Bonds on each immediately succeeding Interest Payment Date, and (b) on the Business Day prior to March 1, 2026 any then remaining amount in the Capitalized Interest Account. When no amounts remain on deposit in the Capitalized Interest Account, the Capitalized Interest Account will be closed.

Moneys in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from investment of amounts in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account will be retained in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for the purposes of such fund and accounts as applicable.

Reserve Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Reserve Fund to the credit of which a deposit will be made on the Closing Date as required by the Fiscal Agent Agreement, which deposits, in the aggregate, will be equal to the initial Reserve Requirement, and deposits will be made as provided in the Fiscal Agent Agreement. Moneys in the Reserve Fund will be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and will be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent will provide written notice to the City of the amount of the excess and will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Amounts in the Reserve Fund will be withdrawn, at the written request of an Authorized Officer, for purposes of making payment to the federal government to comply with the Fiscal Agent Agreement.

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 Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date for which notice of redemption can timely be given to the payment and redemption, in accordance with the Fiscal Agent Agreement, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City to be used for any lawful purpose under the Law. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund pursuant to the Fiscal Agent Agreement until after (i) the calculation, of any amounts due to the federal government following payment of the Bonds and withdrawal of any such amount under the Fiscal Agent Agreement for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, an amount equal to the "Reserve Fund Credit," as described in and computed pursuant to Section I of the Rate and Method of Apportionment (as such amount is confirmed by the Finance Director to the Fiscal Agent) will be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement.

Moneys in the Reserve Fund will be invested in accordance with the Fiscal Agent Agreement. One Business Day before each Interest Payment Date, interest earnings and profits resulting from said investment will be transferred by the Fiscal Agent to the Bond Fund to be used by the Fiscal Agent for the purposes of such fund, but any such transfer will be made only to the extent that following such transfer the amount on deposit in the Reserve Fund equals the then Reserve Requirement.

Certain Covenants of the City

The City will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and the Special Tax Fund created under the Fiscal Agent Agreement.

In order to prevent any accumulation of claims for interest after maturity, the City will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest will be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded will not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which will not have been so extended or funded.

The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created in the Fiscal Agent Agreement for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries will be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts will at all times during City business hours and following reasonable prior written notice be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The City will preserve and protect the security of the Bonds and the rights of the Owners and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds will be incontestable by the City.

The City will comply with all applicable provisions of the Law in administering the District; provided that the City will have no obligation to advance any of its own funds for any purpose whatsoever under the Fiscal Agent Agreement.

The City will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Agreement will not be considered a default on the Bonds or a breach of any other provision of the Fiscal Agent Agreement; however the Participating Underwriter or any 2025 Bondholder may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.

The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2025 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

The City will comply with all requirements of the Law so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or about July 1 of each year, the Fiscal Agent will provide the Finance Director with a notice stating the amounts then on deposit in the Bond Fund and the accounts therein and the Reserve Fund. The receipt of such notice by the Finance Director will in no way affect the obligations of the City under the following three paragraphs. Upon receipt of such notice, the Finance Director will communicate with the Auditor or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. In computing the amount of Special Taxes to be levied, the City will take into account funds available in the Bond Fund and the accounts therein and the Special Tax Fund to make the payment of debt service on the Bonds due on the Interest Payment Dates occurring in the next calendar year, along with any transfers of investment earnings on amounts in the Reserve Fund pursuant to the Fiscal Agent Agreement to the Bond Fund expected to occur on such Interest Payment Date.

The City will effect the levy of the Special Taxes from time to time during each Fiscal Year in accordance with the Ordinance and the Rate and Method of Apportionment. Specifically, the City will compute the amount of Special Taxes to be so levied each Fiscal Year before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured or unsecured, as applicable, real property tax roll. Upon the completion of the computation of the amounts of the levy, the City will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll. The Special Taxes so levied will be payable and be collected in the same manner and at the same time and in the same installment as the taxes on property levied on the tax roll are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general ad valorem taxes levied on the County tax roll.

In the event that the City determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners within the District, and to the extent permitted by the Ordinance, the City will, not less than forty-five (45) days prior to the first Interest Payment Date for which the levy is being made, send bills to the property owners

in the District for Special Taxes necessary to meet the financial obligations of the District due on the Interest Payment Dates for which the levy is being made, said bills to specify that the amounts so levied will be due and payable in two equal installments with each installment due not less than thirty (30) days prior to the related Interest Payment Date and each installment will be delinquent if not paid when due.

In any event, the City will fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on any Outstanding Bonds becoming due and payable, including any necessary replenishment of the Reserve Fund to the amount of the then Reserve Requirement and an amount estimated to be sufficient to pay the Administrative Expenses, and will take into account any prepayments of Special Taxes theretofore received by the City. The Special Taxes so levied will not exceed the maximum amounts as provided in the Rate and Method of Apportionment.

The Finance Director is authorized in the Fiscal Agent Agreement to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the Finance Director (including a charge for City staff time) in conducting its duties under the Fiscal Agent Agreement will be an Administrative Expense under the Fiscal Agent Agreement.

The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

The City will not take or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2025 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2025 Bonds would have caused the 2025 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

The City will take all actions necessary to assure the exclusion of interest on the 2025 Bonds from the gross income of the owners of the 2025 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2025 Bonds.

The City will order, and cause to be commenced and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The Finance Director will notify legal counsel of any such delinquency of which it is aware, and such legal counsel will commence, or cause to be commenced, such proceedings.

Except as expressly permitted by the Fiscal Agent Agreement, the City will not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under the Fiscal Agent Agreement; or (B) any amounts in any funds or accounts established under the Fiscal Agent Agreement.

In determining the yield of the 2025 Bonds to comply with the Fiscal Agent Agreement, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2025 Bonds, without regard to whether or not prepayments are received or 2025 Bonds redeemed.

The City will assure that the proceeds of the 2025 Bonds are not so used as to cause the 2025 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

The City covenants and agrees in the Fiscal Agent Agreement to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. The Fiscal Agent Agreement acknowledges that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

The following requirements will apply to the 2025 Bonds, in addition to those requirements under the Fiscal Agent Agreement:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30, 2024, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the City will cause the information required by Government Code Section 53359.5(b) to be supplied to CDIAC. The annual reporting will be made using such form or forms as may be prescribed by CDIAC.

No later than January 31 of each calendar year, commencing with January 1, 2026, the City agrees to provide to CDIAC the annual report information required by Section 8855(k)(1) of the California Government Code. Such annual report will be made using such form or forms as may be prescribed by CDIAC.

Additionally, no later than January 31 of each calendar year, commencing with January 31, 2026, the City agrees to provide to the California State Controller, Division of Accounting and Reporting, the annual report information required by Section 12463.2 of the California Government Code.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent will notify the City of such failure or withdrawal in writing. The City will notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the City will provide notice under the Continuing Disclosure Agreement of such event as required thereunder.

(C) Special Tax Reporting. The Finance Director will file, or cause to be filed, a report with the City no later than January 1, 2026, and at least once a year thereafter, which annual report will contain: (i) the amount of Special Taxes collected and expended with respect to the District, (ii) the amount of Bond proceeds collected and expended with respect to the District, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected on the District will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in the Fiscal Agent Agreement are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of the Fiscal Agent Agreement will be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the California Government Code, or Section 8855(k)(1) or Section 12463.2 of the California Government Code, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment will not, in itself, affect the City's obligations under the Continuing Disclosure Agreement. The City will notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under the Fiscal Agent Agreement.

(E) No Liability. None of the City and its officers, agents and employees (including but not limited to the Finance Director), or the Fiscal Agent, will be liable for any inadvertent error in reporting the information required by the Fiscal Agent Agreement.

The Finance Director will provide, or cause to be provided, copies of any reports prepared pursuant to the above described provisions to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of the foregoing will include any beneficial owner of the Bonds.

The City covenants not to exercise any rights it may have under the Law to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds. The City further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the District and that the Special Taxes levied on the property are payable while the City owns the property.

Deposit and Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate in writing (including facsimile transmission) filed with the Fiscal Agent (such Officer's Certificate to specify the particular investment in Permitted Investments to be made) at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate will contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required under the Fiscal Agent Agreement. In the absence of any such Officer's Certificate, the Fiscal Agent will invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment will be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent will have received an Officer's Certificate specifying a specific money market fund into which the funds will be invested and, if no such Officer's Certificate is so received, the Fiscal Agent will hold such moneys uninvested.

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the City will be invested by the City in any lawful investments that the City may make or in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or the Finance Director may act as principal or agent in the acquisition or disposition of any investment, and all investments may be made through the Fiscal Agent's investment department or that of its affiliates. The Fiscal Agent or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. Neither the Fiscal Agent nor the Finance Director will incur any liability for any losses, fees, taxes or other charges arising from any investment, reinvestment or liquidation actions taken pursuant to the applicable provisions of the Fiscal Agent Agreement.

Except as otherwise provided in the next sentence, the City will direct or make investments under the Fiscal Agent Agreement such that all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. The City will direct or make investments under the Fiscal Agent Agreement such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent will have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the City.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the

Finance Director under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Finance Director, as applicable, will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

The Fiscal Agent will sell or present for redemption, any investment security whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director will be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Rebate of Excess Investment Earnings to the United States

The City will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2025 Bonds.

The City will direct the Fiscal Agent to withdraw such amounts from the Reserve Fund as necessary to make any required rebate payments, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments, the City will make such payment from any amounts available in the Administrative Expense Fund or from any other lawfully available funds of the District. Any fees or expenses incurred by the City under or pursuant to the foregoing provisions of the Fiscal Agent Agreement are Administrative Expenses.

In order to provide for the administration of the actions described in the preceding paragraph, the Finance Director may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Finance Director may deem appropriate and in addition, and without limitation of the provisions of the Fiscal Agent Agreement, the Finance Director may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed under the Fiscal Agent Agreement.

The Fiscal Agent may rely conclusively and is fully protected from all liability in relying upon the City's determinations, calculations, directions, determinations, opinions and certifications required by the Fiscal Agent Agreement calculations or for the adequacy or accuracy of any rebate report. The Fiscal Agent is not responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Trustee will be deemed to have conclusively complied with the provisions of the Fiscal Agent Agreement and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the City, and it will have no independent duty to review or enforce the City's compliance with such rebate requirements. Except to the extent expressly provided in the Fiscal Agent Agreement, the Fiscal Agent will in no instance be responsible or liable for the tax treatment of the Bonds, the City's compliance with the Code, or any other tax consequences in connection with the Bonds.

Liability of City

The City will not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The City will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The City will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of the Fiscal Agent Agreement. The City, including the Finance Director, will not be liable for any error of judgment made in good faith unless it will be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The City will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the City will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other appropriate agent or consultant, and such certificate will be full warrant to the City for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the City and/or the Finance Director may employ such persons or entities as it deems necessary or advisable. The City will not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Fiscal Agent

U.S. Bank Trust Company, National Association, at its designated corporate trust office in Los Angeles, California is appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Fiscal Agent Agreement, and no implied covenants or obligations will be read into the Fiscal Agent Agreement against the Fiscal Agent.

Any corporation, bank or association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it will be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company or association will be eligible under the following paragraph of this Section, will be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Fiscal Agent Agreement to the contrary notwithstanding. The Fiscal Agent will give the Finance Director written notice of any such succession under the Fiscal Agent Agreement.

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor will be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank, association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Fiscal Agent Agreement, the combined capital and surplus of such bank, association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City will promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent will become effective only upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent will be vested with all rights and powers of its predecessor under the Fiscal Agent Agreement without any further act.

If no appointment of a successor Fiscal Agent will be made pursuant to the foregoing provisions of the Fiscal Agent Agreement within forty-five (45) days after the Fiscal Agent will have given to the City written notice or after a vacancy in the office of the Fiscal Agent (at the expense of the City) will have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement will be assumed by and vest in the Finance Director for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case will be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and will assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Fiscal Agent Agreement, in trust for the benefit of the Owners of the Bonds. In such event, the Finance Director may designate a successor Fiscal Agent qualified to act as Fiscal Agent under the Fiscal Agent Agreement.

The recitals of facts, covenants and agreements in the Fiscal Agent Agreement and in the Bonds contained will be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Fiscal Agent Agreement or of the Bonds, or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of negligence or willful misconduct on its part, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Fiscal Agent Agreement; but in the case of any such certificates or opinions by which any provisions of the Fiscal Agent Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent will be under a duty to examine the same to determine whether or not they conform to the requirements of the Fiscal Agent Agreement (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). Except as provided above in this paragraph, Fiscal Agent may conclusively rely and will be fully protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Fiscal Agent Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it will in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Fiscal Agent Agreement, and the Fiscal Agent will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent will not be liable for any error of judgment made in good faith by a responsible officer unless it will be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent, in its individual or other capacity, may become the owner of the Bonds or otherwise deal with the City or the District with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent will have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Fiscal Agent Agreement, or as to the correctness of any amounts received, and its liability will be limited to the proper accounting for such funds as it will actually receive.

The Fiscal Agent may consult with counsel of its selection, who may be counsel of or to the City, with regard to legal questions, and the advice and opinion of such counsel will be full and complete authorization and protection in respect of any action taken, omitted or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent will not be liable for any of the acts or omissions or misconduct or negligence of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to the Fiscal Agent Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions will be deemed controlling. The Fiscal Agent will not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume (i) all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation 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 instructions to the Fiscal Agent and that there may be more secure methods of transmitting instructions than the method(s) selected by the such party; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

The Fiscal Agent will be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request or direction of any of the Owners pursuant to the Fiscal Agent Agreement, unless such Owners shall have offered to the Fiscal Agent security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The permissive rights of the Fiscal Agent enumerated in the Fiscal Agent Agreement will not be construed as duties. In no event will the Fiscal Agent be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Fiscal Agent will not be considered in breach of or in default in its obligations under the Fiscal Agent Agreement or progress in respect thereto in the event of delay ("unavoidable delay") in the performance of such obligations due, directly or indirectly, to unforeseeable causes beyond its control and without its own fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, fires, floods, pandemics, epidemics, recognized public emergencies, quarantine restrictions, strikes, work stoppages, freight embargoes, earthquakes, explosion, mob violence, riot, war, civil or military disturbances, nuclear or natural catastrophes, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Fiscal Agent's technological infrastructure exceeding authorized access or any similar event and/or occurrences beyond the control of the Fiscal Agent.

Delivery of any reports, information and documents to the Fiscal Agent is for informational purposes only and the Fiscal Agent's receipt of such does not constitute constructive notice of any information contained therein or determinable from information contained therein, including the City's or District's compliance with any of its covenants under the Fiscal Agent Agreement. The Fiscal Agent has no duty to review or make independent investigation with respect to any of the foregoing received by the Fiscal Agent, and will hold the same solely as repository.

The Fiscal Agent is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney at the sole cost of the City and will incur no liability or additional liability of any kind by reason of such inquiry or investigation.

The Fiscal Agent will not be deemed to have notice of any default or event of default unless a responsible officer of the Trustee has actual knowledge thereof. The Fiscal Agent is not required to give any bond or surety in respect of the performance of its powers and duties under the Fiscal Agent Agreement.

The Fiscal Agent will provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement as the City will reasonably request, including but not limited to periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Improvement Fund, the Special Tax Fund, the Bond Fund, the Special Tax Prepayments Account, the Capitalized Interest Account, the Reserve Fund, the Administrative Expense Fund and the Costs of Issuance Fund. Such books of record and accounts will upon reasonable prior notice at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent may conclusively rely and will be fully protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Fiscal Agent will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Fiscal Agent will deem it necessary or desirable that a matter be proved or established prior to taking, omitting or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City or District, as applicable, and such certificate will be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The City will pay to the Fiscal Agent from time to time, promptly upon written request, such compensation as agreed to in writing from time to time for all services rendered as Fiscal Agent under the Fiscal Agent Agreement, and also all reasonable expenses, charges, counsel fees and expenses and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Fiscal Agent Agreement, but the Fiscal Agent will not have a lien therefor on any funds at any time held by it under the Fiscal Agent Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, losses, claims, damages, taxes or

expenses which it may incur in or arising out of the exercise and performance of its powers and duties under the Fiscal Agent Agreement (including legal fees and expenses) or in connection with the acceptance or administration of the trust or trusts under the Fiscal Agent Agreement which are not due to its negligence or willful misconduct. The obligation of the City under this Section will survive resignation or removal of the Fiscal Agent under the Fiscal Agent Agreement and payment of the Bonds and discharge of the Fiscal Agent Agreement, but any monetary obligation of the City arising under this Section will be limited solely to amounts on deposit in the Administrative Expense Fund.

Modification or Amendment of the Fiscal Agent Agreement

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment will (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Law, the laws of the State or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement, without the express consent of the Owners of all of the then Outstanding Bonds. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved to or conferred upon the City in the Fiscal Agent Agreement;

(B) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which will not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income, for purposes of federal income taxation, of interest on the 2025 Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to the Fiscal Agent Agreement.

The Fiscal Agent will not be obligated to enter into any Supplemental Agreement authorized by the Fiscal Agent Agreement which affects the Fiscal Agent's rights, duties or immunities under the Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and will be fully protected in relying upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable requirements of the Fiscal Agent Agreement.

The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided below. The City or the Fiscal Agent

may obtain an opinion of Bond Counsel that such Supplemental Agreement complies with the provisions of the Fiscal Agent Agreement, and the City and Fiscal Agent may rely conclusively upon such opinion. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, will be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request will not affect the validity of the Supplemental Agreement when assented to as provided in the Fiscal Agent Agreement.

Such Supplemental Agreement will not become effective unless there will be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice will have been mailed as provided in the Fiscal Agent Agreement. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice provided for in the Fiscal Agent Agreement has been mailed.

After the Owners of the required percentage of Bonds will have filed their consents to the Supplemental Agreement, the City will mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice will not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice will be filed with the Fiscal Agent. The Supplemental Agreement will become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement will be deemed conclusively binding (except as otherwise specifically provided in the Fiscal Agent Agreement) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

From and after the time any Supplemental Agreement becomes effective, the Fiscal Agent Agreement will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Fiscal Agent Agreement of the City and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced under the Fiscal Agent Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement will be deemed to be part of the terms and conditions of the Fiscal Agent Agreement for any and all purposes.

Discharge of Agreement

The City will have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City will determine as confirmed by Bond Counsel, an Independent Financial Consultant or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City will have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption will have been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent will have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds will not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the City under the Fiscal Agent Agreement with respect to such Bonds Outstanding will cease and terminate. Notice of such election will be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, will continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, will be paid over to the City and any Special Taxes thereafter received by the City will not be remitted to the Fiscal Agent but will be retained by the City to be used for any purpose permitted under the Law.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Palmdale

Re: $_____ City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by City of Palmdale (the "City") Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), of $_____ City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "Bonds"). The Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), a resolution adopted by the City Council on November 20, 2024 (the "Resolution"), and a Fiscal Agent Agreement No. A-8586, dated as of _____, 2024 between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Agreement").

We have examined the Act, the Resolution, the Agreement, and certified copies of the proceedings taken for the issuance and sale of the Bonds. As to questions of fact which are material to our opinions, we have relied upon the representations of the City contained in the Agreement, and in certificates of its authorized officers which have been delivered to us for the purpose of supplying such facts, without having undertaken to verify the accuracy of any such representations by independent investigation.

Based upon such examination, we are of the opinion, as of the date hereof, that the proceedings referred to above have been taken in accordance with the laws and the Constitution of the State of California, and that the Bonds, having been issued in duly authorized form and executed by the proper officials and delivered to and paid for by the purchaser thereof, and the Agreement, having been duly authorized and executed by the proper officials, constitute the legally valid and binding obligations of the District enforceable in accordance with their terms subject to the qualifications specified below. Except where funds are otherwise available, as may be permitted by law, the Bonds are payable, as to both principal and interest, solely from certain special taxes to be levied and collected within the District and other funds available therefor held under the Agreement.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain investment, rebate and related requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest on the Bonds to be and remain exempt from federal income taxation. Noncompliance with such requirements could cause the interest on the Bonds to be subject to federal income taxation retroactive to the date of issuance of the Bonds. Pursuant to the Agreement, the City has covenanted to comply with the requirements of the Code and applicable regulations promulgated thereunder.

We are of the opinion that, under existing statutes, regulations, rulings and court decisions, and assuming compliance by the City with the aforementioned covenants, the interest on the Bonds is excluded from gross income for purposes of federal income taxation and that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, interest on the Bonds is taken into account in determining the annual adjusted

financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations.

We are further of the opinion that interest on the Bonds is exempt from State of California personal income tax.

Although interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions expressed herein may be affected by actions which may be taken (or not taken) or events which may occur (or not occur) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur or are not taken or do not occur.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Agreement, may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE CITY

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement"), dated as of _____ 1, 2025, is by and between NBS, as dissemination agent (the "Dissemination Agent"), and the City of Palmdale, California (the "City").

RECITALS:

WHEREAS, the City has issued, for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), its City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), 2025 Special Tax Bonds (the "Bonds") in the initial principal amount of $_____; and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of _____ 1, 2025, by and between U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), and the City, for and on behalf of the District (the "Fiscal Agent Agreement"); and

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Sections 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

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

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding any Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"*Disclosure Representative*" means the Director of Operations of the City, or the Director's designee, or such other officer or employee as the City shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

"*Dissemination Agent*" means NBS, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Limited Offering Memorandum*" means the Limited Offering Memorandum, dated _____, 2025, relating to the Bonds.

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

"*Participating Underwriter*" means Hilltop Securities Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

"*Significant Event*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The City shall, or shall cause the Dissemination Agent to, not later than the March 31 occurring after the end of each fiscal year of the City, commencing with the report for the 2024-25 fiscal year, which is due not later than March 31, 2026, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City 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.

(b) *Change of Fiscal Year*. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b), and subsequent Annual Report filings shall be made no later than seven months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA), the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance*. If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City in a timely manner shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent in a timely manner shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. (a) *Financial Statements*. The Annual Report for each fiscal year commencing with the Annual Report for the 2023-24 fiscal year, shall contain or incorporate by reference audited financial statements of the City for the most recently completed fiscal year, prepared in accordance generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year commencing with fiscal year 2024-25 shall also include the following information:

(i) The principal amount of Bonds and any Parity Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) A table similar to Table 6 in the Limited Offering Memorandum (which shows Value-to-Lien by County Assessor's Parcel number) substituting the most recent County Assessed Values, except that the City may aggregate the APNs property owners that individually own property allocated less than one and one-half percent (1.5%) of the outstanding principal of the Bonds.

(v) A Table similar to Table 5 in the Limited Offering Memorandum, but showing for each County Assessor's Parcel of Taxable Property in the District the County Assessor's Parcel number, the acreage of the parcel, the then classification of the parcel under the Rate and Method of Apportionment (e.g. Developed Property, Final Map Property, Undeveloped Property, Taxable Property Owner Association Property or Taxable Public Property), the then current fiscal year Maximum Special Tax, the percentage of the then current fiscal year's aggregate Maximum Special Tax for all Taxable Property and the parcel's pro rata share of the then outstanding Bonds. Notwithstanding the foregoing, the City make group together APNs for parcels with less than 1.5% of the current year's Maximum Special Tax levy for the District with the same classification under the Rate and Method.

(vi) A table similar to the following using the most recent available County Assessor's values or appraised values of the parcels in the District:

Ownership	No. of Parcels	Assessed/ Appraised Value	Projected Next Fiscal Year Levy	Projected Percentage of Next Fiscal Year Levy	Allocable Principal of the 2025 Bonds	Aggregate Value to Lien Ratio

(vii) A table setting forth the annual aggregate Special Tax levy in the District for the most recent two Fiscal Years, and the number of parcels with delinquent Special Taxes, and the amount and percentage of the overall Special Tax levy for the delinquent parcels, and an update of prior years' delinquencies as of a date not more than ninety (90) days prior to the date of the Annual Report.

(viii) The status of foreclosure proceedings for any parcels within the District on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(ix) The identity of any property owner representing more than five percent (5%) of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, the number of parcels so delinquent, and the total dollar amount of all such delinquencies.

(x) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 5.19(A) of the Fiscal Agent Agreement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The City shall, or shall cause the Dissemination Agent (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non–payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the obligated person, or the sale of all or substantially all of the assets of the obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

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

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

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

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS.

If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon

any written direction from the City or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Ag*ent. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

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

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the City shall describe such amendment or waiver in the next following 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 City. 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 the same manner as for a Significant Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should 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 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City 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 of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Significant Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. 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 PALMDALE, CALIFORNIA

By: _____

Its: _____

NBS, as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	City of Palmdale, California
Name of Bond Issue:	City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), 2025 Special Tax Bonds
Date of Issuance:	_____, 2025

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.08 of the Fiscal Agent Agreement, dated as of _____ 1, 2025, between the Obligor and U.S. Bank Trust Company, National Association, as fiscal agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: NBS, as Dissemination Agent

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT – MASTER DEVELOPER

This Continuing Disclosure Agreement – Master Developer (the "Disclosure Agreement") dated as of _____ 1, 2025, is executed and delivered by RdR Development Holdings, LLC, a Delaware limited liability company (the "Master Developer"), and NBS, as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the City of Palmdale, California (the "City"), for and on behalf of the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "District"), of its City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) 2025 Special Tax Bonds (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of _____ 1, 2025, by and between U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), and the City, for and on behalf of the District (the "Fiscal Agent Agreement").

The Master Developer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Master Developer for the benefit of the Bondowners and Beneficial Owners.

SECTION 2. Definitions. In addition to the definitions set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings when used herein:

"Affiliate" means, any person directly (or indirectly through one or more intermediaries) and currently under managerial control of the Master Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds, including without limitation information relevant to the development of the Property or the Master Developer's ability to pay Special Taxes levied and to be levied on the Property.

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

"Beneficial Owner" means any person who (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"Business Day" means any day other than (a) a Saturday or a Sunday or (b) a day which is a federal or State of California holiday.

"Disclosure Representative" means the _____ of _____, or such person's designee, or such other officer or employee as the Master Developer shall designate in writing to the Dissemination Agent and the City from time to time.

"Dissemination Agent" means NBS, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Master Developer and which has filed with the Master Developer, the Fiscal Agent and the City a written acceptance of such designation.

"District" means the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities).

"EMMA" means the Electronic Municipal Market Access system of the MSRB, currently located at http://emma.msrb.org.

"Limited Offering Memorandum" means the Limited Offering Memorandum, dated _____, 2025, relating to the Bonds.

"Master Developer Improvements" means those improvements being constructed by the Master Developer in the District or constructed by or on behalf of the Master Developer.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means Hilltop Securities Inc., the original underwriter of the Bonds.

"Person" means any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

"Property" means the real property within the boundaries of the District that is owned by the Master Developer or any Affiliate, as of the date that a respective Annual Report, Semiannual Report or Significant Event disclosure is provided.

"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.

"Semiannual Report" means any report to be provided by the Master Developer on or prior to December 15 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Significant Event" means any of the events listed in Section 5(a) of this Disclosure Agreement.

SECTION 3. Provision of Annual Reports and Semiannual Reports.

(a) The Master Developer shall, or shall cause the Dissemination Agent to, not later than June 15 of each year, commencing June 15, 2026, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, June 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

In addition, the Master Developer shall, or shall cause the Dissemination Agent to, not later than December 15 of each year, commencing December 15, 2025, provide to EMMA a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, December 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day.

(b) Not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Annual Report and Semiannual Report to EMMA, the Master Developer shall provide the Annual Report or the Semiannual Report, as applicable, to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Master Developer is preparing, or causing to be prepared, the Annual Report or the Semiannual Report, as applicable, and the date which the Annual Report or the Semiannual Report, as applicable, is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Semiannual Report, as applicable, or notification as described in the preceding sentence, the Dissemination Agent shall notify the Master Developer of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide an Annual Report or Semiannual Report to EMMA by the date required in subsection (a) or to verify that an Annual Report or Semiannual Report has been provided

to EMMA by the date required in subsection (a), the Dissemination Agent shall send in a timely manner a notice to EMMA in a form that is accepted by EMMA.

(d) Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report and the Semiannual Report the name and address of EMMA; and

(ii) promptly file a report with the Master Developer and the City certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to EMMA.

(e) Notwithstanding any other provision of this Disclosure Agreement, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Report and Semiannual Report.

(a) The Master Developer's Annual Report and Semiannual Report shall contain or include by reference the information which is available as of the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

1. To the extent different from what is disclosed in the Limited Offering Memorandum or in a prior Annual Report or Semiannual Report, a discussion of any change in the sources of funds to finance the development of the Property, and whether any material defaults exist under any contractual arrangement related to such financing.

2. A summary of development activity conducted by the Master Developer or any Affiliate with respect to the Property since the later of the date of issuance of the Bonds or the date of the last Annual Report or Semiannual Report.

3. Any parcels of Property in the District sold to entities that are not Affiliates, the date of the sales and the identity of the buyer(s) and the acreage and County Assessor's parcel numbers of the property so sold, since the later of the date of issuance of the Bonds or the date of the last Annual Report or Semiannual Report.

4. The number of homes under construction (and the expected completion date or dates of the homes under construction), the number of completed homes and the number of homes on the Property for which sales to homebuyers have closed, all since the date of the issuance of the Bonds or the date of the last Annual Report or Semiannual Report.

5. Any major legislative, administrative and judicial challenges known to the Master Developer to or affecting the development of the Property or the time for construction of any homes or townhomes to be constructed on the Property by the Master Developer or any Affiliate.

6. Information regarding any failure by the Master Developer or any of its Affiliates to pay any real property taxes (including Special Taxes) levied on any Property.

7. Any material changes in the status of the litigation described in the Limited Offering Memorandum affecting the development of the Property. until such litigation has been dismissed.

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

(c) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Master Developer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) So long as the Master Developer's obligations under this Disclosure Agreement have not terminated pursuant to Section 7 below, the Master Developer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) in a timely manner within 10 Business Days after the Master Developer obtains knowledge of the occurrence of any of the following events:

1. Failure by the Master Developer or any Affiliate to pay any real property taxes, special taxes or assessments levied on the Property prior to the delinquency date therefor.

2. Damage to or destruction of any of the Master Developer Improvements which has a material adverse effect on the value of the Property.

3. Material default by the Master Developer or any Affiliate of the Master Developer on any loan or line of credit with respect to the acquisition of the Property or the construction financing of the Master Developer Improvements.

4. Material default by the Master Developer or any Affiliate of the Master Developer on any loan or line of credit secured by the Property.

5. The filing of any proceedings with respect to the Master Developer, in which the Master Developer may be adjudicated as bankrupt or discharged from any or all of its respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts.

6. The filing of any proceedings with respect to an Affiliate of the Master Developer, in which such Affiliate of the Master Developer may be adjudicated as bankrupt or discharged from any or all of its respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts if such adjudication could materially adversely affect the completion of the Master Developer Improvements or the development of the Property (including the payment of Special Taxes).

7. The filing of any lawsuit against the Master Developer or any of its Affiliates (with service of process on the Master Developer or its Affiliates having occurred) which, in the reasonable judgment of the Master Developer, if successful, will (i) materially adversely affect the completion of the Master Developer Improvements, or (ii) materially adversely affect the financial condition of the Master Developer or its Affiliates in a manner that would materially adversely affect the completion of the Master Developer Improvements.

8. A sale or transfer of all or substantially all of the Master Developer's assets or a sale of a majority of the membership interests of the Master Developer.

(b) Whenever the Master Developer obtains knowledge of the occurrence of a Significant Event occurs under Section 5(a), subsection (2), (3), (4), (6) or (7), the Master Developer shall as soon as possible determine if

such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Significant Events.

(c) If an event described in Section 5(a), subsection (1), (5) or (8) occurs, or if the Master Developer determines that knowledge of the occurrence of an event described in Section 5(a), subsection (2), (3), (4), (6) or (7) would be material under applicable federal securities laws, the Master Developer shall file in a timely manner within 10 Business Days after the Master Developer obtains knowledge of the occurrence of the respective event a notice of such occurrence with EMMA or with the Dissemination Agent which shall then distribute such notice to EMMA in a timely manner within the 10 Business Day period, with a copy to the City and to the Participating Underwriter.

SECTION 6. 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 7. Termination of Reporting Obligation. The Master Developer's obligations under this Disclosure Agreement shall terminate upon the earliest to occur of the following events:

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

(b) if on any date the Master Developer and its Affiliates in the aggregate own property within the District subject to less than twenty percent (20%) of the then annual Special Taxes levied on property in the District, or

(c) with respect to Property transferred to another Person, the assumption of the Master Developer's obligations under this Disclosure Agreement with respect to such Property in accordance with Section 13 below.

If such termination occurs prior to the final maturity of the Bonds, the Master Developer shall give notice of such termination in the same manner as for an Annual Report hereunder.

SECTION 8. Dissemination Agent. The initial Dissemination Agent under this Disclosure Agreement shall be NBS. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Master Developer pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing (i) thirty days written notice to the Master Developer and the City and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Master Developer may amend this Disclosure Agreement, 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 Sections 3(a), 4 or 5, 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 the Master Developer with respect to the Bonds, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the City and the Fiscal Agent, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(c) The Master Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above to the City.

If the financial information or operating data to be provided in an Annual Report or Semiannual Report is amended pursuant to the provisions of this Disclosure Agreement, the Master Developer shall describe such amendment in the next Annual Report or Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Master Developer.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Master Developer 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, Semiannual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the Master Developer chooses to include any information in any Annual Report, Semiannual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the Master Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Semiannual Report or notice of occurrence of a Significant Event.

The Master Developer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Master Developer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Master Developer under such laws.

SECTION 11. Default. In the event of a failure of the Master Developer to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Master Developer or the Dissemination Agent 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 Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Master Developer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and the Master Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding losses, expenses and liabilities due to the Dissemination Agent's or its officers', directors', employees' or agents' negligence or willful misconduct, or its failure to perform its duties hereunder. The Dissemination Agent shall be paid by the City, from available funds of the District, for the performance of its duties hereunder in accordance with the Dissemination Agent's schedule of fees, as amended from time to time. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Master Developer, the Participating Underwriter, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Master Developer or an opinion of nationally recognized bond counsel. The obligations of the Master Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent may conclusively rely upon the Annual Reports and Semiannual Reports provided to it by the Master Developer as constituting an Annual Report or Semiannual Report, as applicable, required of the Master Developer in accordance with this Disclosure Agreement and shall have no duty or obligation to review any such Annual Report or Semiannual

Report. The Dissemination Agent shall have no duty to prepare any Annual Report or Semiannual Report nor shall the Dissemination Agent be responsible for filing any Annual Report or Semiannual Report not provided to it by the Master Developer in a timely manner in a form suitable for filing with the Repository. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 13. Reporting Obligation of Master Developer's Transferees. If a portion of the Property owned by the Master Developer is conveyed to a Person, the obligations of the Master Developer hereunder with respect to the property conveyed may be assumed by such Person and the Master Developer's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Person shall enter into an assumption agreement containing terms substantially similar to this Disclosure Agreement or as otherwise satisfactory to the City and the Participating Underwriter. However, such Person shall not be required to enter into an assumption agreement if they are already a party to a continuing disclosure agreement containing terms substantially similar to this Disclosure Agreement with respect to the Bonds, and under which the property conveyed to such Person will become subject to future reporting.

SECTION 14. Master Developer as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Master Developer is an independent contractor and not an agent of the City or the District.

SECTION 15. Notices. Notices should be sent in writing by regular mail or overnight mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

Master Developer and Disclosure Representative:	RdR Development Holdings, LLC 2121 North Pearl Street, Suite 600 Dallas, TX 75201 Attention: General Counsel
Dissemination Agent:	NBS Financial Services 32605 Temecula Parkway, Suite 100 Temecula, CA 92592 Attention: Sara Mares
Fiscal Agent:	U.S. Bank Trust Company, National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust
Participating Underwriter:	Hilltop Securities Inc. 717 N. Harwood Street, Suite 3400 Dallas, TX 75201 Attention: Public Finance
City or District:	City of Palmdale 38300 Sierra Highway, Suite D Palmdale, CA 93550 Attention: Director of Operations

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Master Developer, the City, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Assignability. The Master Developer shall not assign this Disclosure Agreement or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 13 hereof. The Dissemination Agent may, with prior written notice to the Master Developer and the City, assign this Disclosure Agreement and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

SECTION 18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 19. Governing Law. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in California.

SECTION 20. 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.

RdR Development Holdings, LLC, a Delaware limited liability company

By: PHCC LLC
(d/b/a Preston Hollow Community Capital), its sole member

By: _____

Name: _____

Its: _____

NBS, as Dissemination Agent

By: _____

Its: _____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G has been provided by The Depository Trust Company ("DTC"), New York, NY, for use in securities offering documents, and the City does not take responsibility for the accuracy or completeness thereof. The City of Palmdale, as issuer of the 2025 Bonds (the "Issuer") and the Fiscal Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2025 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants mill act in the manner described in this Limited Offering Memorandum.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2025 Bonds, payment of principal, interest and other payments on the 2025 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2025 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Issuer nor the fiscal agent or paying agent appointed with respect to the 2025 Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2025 Bonds, or that they will so do on a timely basis, or that DTC, Direct Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2025 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial

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

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

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

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

THE AGENT, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE 2025 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2025 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

12. THE DISTRICT, THE ISSUER, THE AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE 2025 BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE DISTRICT, THE ISSUER, THE AGENT AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE 2025 BONDS OR AN ERROR OR DELAY RELATING THERETO.