

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

NEW ISSUE

NO RATING

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2019 Bonds described herein is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2019 Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

\$1,845,000*

**COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A 2019 SPECIAL TAX BONDS**

Dated: Date of Delivery

Due: September 1, as shown on inside front cover

This Official Statement describes bonds (the "2019 Bonds") being issued by Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District (the "Community Facilities District") and delivered primarily to finance various public improvements needed to develop property located within Improvement Area A of the Community Facilities District ("Improvement Area A"). The Community Facilities District and Improvement Area A were formed by and are located within the boundaries of Eastern Municipal Water District in Riverside County, California.

The 2019 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The 2019 Bonds are being issued pursuant to Eastern Municipal Water District's Resolution No. 2019-___ and a Trust Indenture, dated as of November 1, 2017, as amended and supplemented by that certain First Supplement to Trust Indenture, dated as of March 1, 2019, each by and between the Community Facilities District and U.S. Bank National Association, as the Fiscal Agent (the "Indenture"). The 2019 Bonds are special obligations of the Community Facilities District. The 2019 Bonds issued by the Community Facilities District for Improvement Area A are payable solely from revenues derived from certain annual special taxes to be levied on the taxable property within Improvement Area A (but not special taxes levied within any other improvement area of the Community Facilities District) (the "Special Taxes") and from certain other funds pledged under the Indenture, as further described herein. The 2019 Bonds are secured by Net Special Taxes on a parity with the Community Facilities District's Improvement Area A 2017 Special Tax Bonds (the "2017 Bonds"), which are currently outstanding in the aggregate principal amount of \$2,075,000.

The 2019 Bonds are being issued in book-entry form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of 2019 Bonds will not receive certificates representing their beneficial ownership thereof but will receive credit balances on the books of their respective nominees. The 2019 Bonds will not be transferable or exchangeable except for transfer to another nominee of The Depository Trust Company or as otherwise described herein. Individual purchases may be made in principal amounts of \$5,000 and integral multiples thereof.

Interest on the 2019 Bonds will be payable on each March 1 and September 1, commencing on September 1, 2019. Principal of and interest on the 2019 Bonds will be paid by the Fiscal Agent to Cede & Co., and such payments are expected to be disbursed to the beneficial owners of the 2019 Bonds through their nominees.

Neither the faith and credit nor the taxing power of the County of Riverside, Eastern Municipal Water District, the State of California or any political subdivision thereof (other than the taxing power of the Community Facilities District) is pledged to the payment of the 2019 Bonds. No taxes other than the Net Special Taxes are pledged to the payment of such 2019 Bonds.

The 2019 Bonds are subject to optional redemption, redemption resulting from the prepayment of Special Taxes, and mandatory sinking fund redemption prior to maturity, as described herein.

MATURITY SCHEDULE

(See Inside Cover Page)

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2019 Bonds are not rated by any rating agency, and investment in the 2019 Bonds involves risks which may not be appropriate for certain investors. Therefore, only persons with substantial financial resources who understand the risks of investment in the 2019 Bonds should consider such an investment. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the matters set forth herein, in evaluating the investment quality of the 2019 Bonds.

The 2019 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the Community Facilities District with respect to the Bonds. Certain legal matters will be passed upon for Eastern Municipal Water District by Olivarez Madruga Lemieux O'Neill, LLP, Westlake Village, California, its General Counsel, for the Underwriter by its counsel, Kutak Rock, Irvine, California, and for Lennar Homes of California, Inc. by its counsel Holland & Knight LLP, San Francisco, California. It is anticipated that the 2019 Bonds will be available for delivery to The Depository Trust Company or its agent on or about March __, 2019.

STIFEL

Dated: _____, 2019

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

**COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A 2019 SPECIAL TAX BONDS**

\$_____ Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.†</i>
--	-----------------------------	----------------------	--------------	--------------	-------------------

\$_____ Term Bonds

\$_____ % Term Bonds Due September 1, 20__ Yield: _____ % Price: _____ CUSIP No. _____ †

\$_____ % Term Bonds Due September 1, 20__ Yield: _____ % Price: _____ CUSIP No. _____ †

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for CGS. CUSIP® numbers are provided for convenience of reference only. Neither the Community Facilities District nor the Underwriter takes any responsibility for the accuracy of such numbers.

EASTERN MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

Ronald W. Sullivan, President
Philip E. Paule, Vice President
Stephen J. Corona, Director
Randy A. Record, Director
David J. Slawson, Director

DISTRICT OFFICIALS

Paul D. Jones II, P.E., General Manager
Laura Nomura, Deputy General Manager
Nick Kanetis, Deputy General Manager
Jeff Wall, Assistant General Manager, Operations and Maintenance
Joe Mouawad, Assistant General Manager, Planning, Engineering and Construction
Charles Turner, Director of Finance

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

General Counsel to the Water District

Olivarez Madruga Lemieux O'Neill, LLP
Westlake Village, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Fiscal Agent

U.S. Bank National Association
Los Angeles, California

Special Tax Consultant

Webb Municipal Finance, LLC
Riverside, California

All information for investors regarding Eastern Municipal Water District (the “Water District”), the Community Facilities District, Improvement Area A and the 2019 Bonds is contained in this Official Statement. While the Water District maintains an internet website for various purposes, none of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the 2019 Bonds or any other bonds or obligations of the Water District. No dealer, broker, salesperson or other person has been authorized by the Water District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Water District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of 2019 Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from the Water District and certain other sources. Such information is believed to be reliable but is not guaranteed as to its accuracy or completeness. The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Water District or the Community Facilities District. The information and expressions of opinion herein are subject to change without notice; and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Water District, the Community Facilities District or any matters expressed herein since the date hereof. All summaries contained herein of the Indenture or other documents are made subject to the provisions of such documents 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 Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “Forward-Looking Statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” and other similar words and include, but are not limited to, statements that describe possible future development of property within Improvement Area A and the costs associated with such development.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Community Facilities District has agreed to provide certain on-going financial and operating data (see “CONTINUING DISCLOSURE” and Appendix E hereto), it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2019 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	3
THE 2019 BONDS	5
Authority for Issuance	5
General Provisions.....	5
Redemption	6
Book-Entry System	8
Estimated Sources and Uses of Funds	8
Debt Service Schedule.....	9
LIMITATION OF LIABILITY	9
SECURITY FOR THE 2019 BONDS.....	10
General	10
The Special Tax.....	10
Reserve Account.....	12
Covenant for Superior Court Foreclosure	12
Water District’s Collection Practices	13
Issuance of Additional Bonds for Refunding Only	13
THE WATER DISTRICT	14
IMPROVEMENT AREA A	14
General Information	14
The Project	15
Rate and Method of Apportionment.....	15
Assessed Value-to-Lien Ratios.....	17
Direct and Overlapping Debt.....	22
Delinquency History.....	25
Top Taxpayers	25
PROPERTY OWNERSHIP AND THE DEVELOPMENT	25
The Developer	25
The Development Plan	27
Lennar Homes Financing Plan	27
History of Property Tax Payments; Loan Defaults; Litigation.....	28
SPECIAL RISK FACTORS	29
Risks of Real Estate Secured Investments Generally	29
Tax Cuts and Jobs Act.....	30
Insufficiency of Special Tax Revenues	30
Failure to Develop Properties.....	32
Geologic, Topographic and Climatic Conditions	32
Hazardous Substances	33
Enforcement Delays – Bankruptcy.....	33
FDIC/Federal Government Interests in Parcels.....	34
Direct and Overlapping Indebtedness.....	35
Reductions in Property Values	35
Payment of Special Taxes is not a Personal Obligation of the Property Owners	35
No Acceleration Provision	35
Ballot Initiatives	35

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Proposition 218.....	36
Loss of Tax Exemption	37
No Ratings – Limited Secondary Market	37
Limitations on Remedies.....	38
Potential Early Redemption of Bonds from Prepayments or Assessment Bond Proceeds	38
TAX MATTERS.....	38
ABSENCE OF LITIGATION	40
ABSENCE OF RATINGS.....	40
UNDERWRITING	40
CONTINUING DISCLOSURE.....	40
CERTAIN LEGAL MATTERS	41
MISCELLANEOUS	42
APPENDIX A SUMMARY OF THE INDENTURE	A-1
APPENDIX B FORM OF APPROVING LEGAL OPINION	B-1
APPENDIX C RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.....	C-1
APPENDIX D INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY.....	D-1
APPENDIX E FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE	E-1

[INSERT AERIAL PHOTO]

[INSERT MAP]

\$1,845,000*
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A 2019 SPECIAL TAX BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide certain information concerning the Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District Improvement Area A 2019 Special Tax Bonds (the “2019 Bonds”).

The 2019 Bonds are being issued pursuant to Resolution No. 2019-____ (the “Resolution”) adopted by the Board of Directors (the “Board”) of Eastern Municipal Water District (the “Water District”), acting as the legislative body of the Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District (the “Community Facilities District”) on February 20, 2019, and a Trust Indenture dated as of November 1, 2017 as amended and supplemented by that certain First Supplement to Trust Indenture, dated as of March 1, 2019, (the “Indenture”) each by and between the Community Facilities District and U.S. Bank National Association, as the Fiscal Agent (the “Fiscal Agent”). The 2019 Bonds are payable from Net Special Taxes (defined below) and from certain other funds pledged under the Indenture, on a parity with the Community Facilities District’s 2017 Improvement Area A Special Tax Bonds, which are currently outstanding in the aggregate principal amount of \$2,075,000 (the “2017 Bonds” and together with the 2019 Bonds and any additional Parity Bonds, the “Bonds”). Additional bonds secured on a parity with the 2019 Bonds and the 2017 Bonds may only be issued to refund outstanding Bonds. See “SECURITY FOR THE 2019 BONDS — Issuance of Additional Bonds for Refunding Only.”

The 2019 Bonds are being issued by the Community Facilities District primarily to finance various public improvements to be owned and operated by the Water District which are needed to develop the property located within Improvement Area A of the Community Facilities District (“Improvement Area A”).

The Mello-Roos Community Facilities Act of 1982, as amended, Section 53311, et seq., of the California Government Code (the “Act”), was enacted by the California Legislature to provide an alternative method of funding certain essential public capital facilities and services, especially in developing areas of the State of California (the “State”). Once duly established, a community facilities district is a legally constituted governmental entity, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the qualified electors voting and compliance with the provisions of the Act, the legislative body of a local agency may issue bonds for a community facilities district or for an improvement area within a community facilities district and may levy and collect a special tax within such community facilities district or improvement area to repay such indebtedness.

Pursuant to the Act, the Board adopted a resolution on February 18, 2015, stating its intention to establish the Community Facilities District and designate Improvement Area A and Improvement Area B (“Improvement Area B”) therein. On February 18, 2015, the Board also adopted a resolution stating its intention to authorize bonded indebtedness for Improvement Area A and Improvement Area B of the Community Facilities District.

On April 1, 2015, the Board established the Community Facilities District and Improvement Area A and Improvement Area B therein and authorized bonded indebtedness in an aggregate amount not to exceed \$5,000,000 for Improvement Area A and bonded indebtedness in an aggregate amount not to exceed

* *Preliminary, subject to change.*

\$3,500,000 for Improvement Area B to be issued pursuant to the provisions of the Act. Pursuant to the Act, the five members of the Board now act as the legislative body for the Community Facilities District. Community Facilities District administrative services are provided by the Water District's staff.

At the April 1, 2015 election within Improvement Area A, the qualified electors within Improvement Area A, which consisted solely of the then owners of land in Improvement Area A, (i) authorized the Community Facilities District to incur bonded indebtedness for Improvement Area A, of up to \$5,000,000 in order to finance certain public facilities and various costs related thereto (the "Project"), (ii) approved a rate and method of apportionment of special tax for Improvement Area A (the "Rate and Method of Apportionment"), and (iii) approved the levy of a special tax on the taxable property within Improvement Area A (the "Special Tax") to pay the principal and interest on the Bonds issued by the Community Facilities District for Improvement Area A and annual administrative expenses of the Community Facilities District associated with Improvement Area A, and to make any replenishments to the reserve account for the Bonds of Improvement Area A (the "Reserve Account").

Special taxes collected by the Community Facilities District in Improvement Area B are not pledged to and do not secure the repayment of the 2019 Bonds.

The Indenture provides that the 2019 Bonds shall be secured by a pledge of the Net Special Taxes (which consist of the Gross Special Taxes collected by the Community Facilities District for Improvement Area A minus certain administrative expenses) and amounts on deposit in the Special Tax Fund for Improvement Area A established pursuant to the Indenture.

The Special Taxes are included on the regular property tax bills sent to the record owners of property within Improvement Area A. See "SECURITY FOR THE 2019 BONDS — The Special Tax." The Community Facilities District has covenanted for the benefit of the owners of the 2019 Bonds that, under certain circumstances described herein, it will commence judicial foreclosure proceedings with respect to delinquent Special Taxes by October 1 following the close of the Fiscal Year in which such Special Taxes were due and will diligently pursue such proceedings. See "SECURITY FOR THE 2019 BONDS — Covenant for Superior Court Foreclosure."

Neither the faith and credit nor the taxing power of the Water District, the County of Riverside (the "County"), the State or any political subdivision thereof (other than the taxing power of the Community Facilities District) is pledged to the payment of the 2019 Bonds. Except for the Net Special Taxes, no other taxes are pledged to the payment of the 2019 Bonds. The 2019 Bonds are not general or special obligations of the Water District or the Community Facilities District, but are limited obligations of the Community Facilities District payable solely from Net Special Taxes collected in Improvement Area A and certain amounts held under the Indenture as more fully described herein.

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2019 Bonds.

Improvement Area A is located in the City of Menifee west of Briggs Road, south of Old Newport Road and north of Tres Lagos Road. Improvement Area A contains approximately 74.54 gross acres and approximately 42.94 taxable acres, and is planned for a total of 252 single family detached homes at buildout. The development in Improvement Area A is part of a master planned community called "The Lakes," which is being marketed in two product lines known as "Camellia" and "Mariposa." The Camellia and Mariposa product lines include 142 and 110 of the 252 total units planned for Improvement Area A, respectively. The developer of the property within Improvement Area A is Lennar Homes of California, Inc., a California corporation ("Lennar Homes" or the "Developer"). The Developer acquired the property within Improvement Area A on December 9, 2013. All of the property within Improvement Area A is within final Tract Map No. 30422-3.

As of January 1, 2019, Improvement Area A included 232 completed production units which had closed escrow to individual homeowners. As of such date, Lennar Homes owned 2 completed model homes, and 18 production units under construction. All 142 planned homes within the Camellia product line have been completed and conveyed to individual homeowners. The remaining 20 homes to be built and sold within Improvement Area A are in the Mariposa product line. As of January 1, 2019, 4 of the 20 remaining homes owned by Lennar Homes within Improvement Area A were in escrow. Lennar expects to complete and convey all remaining homes within Improvement Area A to individual homeowners by the third quarter of 2019. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The Community Facilities District has not engaged an independent appraiser to provide an opinion concerning the values of the parcels within Improvement Area A that comprise the taxable property within the Improvement Area A. However, the Community Facilities District has determined the assessed values of those parcels, as shown on the Fiscal Year 2018-19 County Assessor’s roll. The aggregate assessed value of the taxable property within Improvement Area A as shown on the Fiscal Year 2018-19 County Assessor’s roll is \$75,511,868. See “IMPROVEMENT AREA A — Value-to-Lien Ratios.”

This Official Statement sets forth brief descriptions of the 2019 Bonds, Improvement Area A, the Indenture and certain other matters. Such descriptions do not purport to be comprehensive or definitive. All references herein to any of the aforesaid documents are qualified in their entirety by reference to the forms thereof, which are available for inspection at the office of the Secretary of the Board of Directors in Perris, California. Capitalized terms not defined herein shall have the respective meanings ascribed to them in Appendix A hereto or, if not defined in Appendix A, the meanings ascribed to them in the Indenture. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE 2019 BONDS

Authority for Issuance

The Community Facilities District was established pursuant to the provisions of the Act on April 1, 2015. On April 1, 2015, the Community Facilities District established Improvement Area A and authorized bonded indebtedness in an aggregate amount not to exceed \$5,000,000 for Improvement Area A to be issued pursuant to the provisions of the Act. The Rate and Method of Apportionment for Improvement Area A and the amount of the Special Tax that can be collected from the land within Improvement Area A is more fully described in the sections herein entitled “SECURITY FOR THE 2019 BONDS — The Special Tax” and “IMPROVEMENT AREA A.” See also Appendix C — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The 2019 Bonds are being issued pursuant to the Act, the Resolution and the Indenture.

General Provisions

The 2019 Bonds will be dated as of the Delivery Date and bear interest at the rates and mature (subject to prior redemption as described below) on the dates set forth on the inside front cover page hereof. Interest on the 2019 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable on March 1 and September 1 of each year commencing September 1, 2019 (each such date, an “Interest Payment Date”). The 2019 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2019 Bonds. Ownership interests in the 2019 Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. See the subsection hereof entitled “Book-Entry System.”

The principal of and interest on the 2019 Bonds will be payable in lawful money of the United States of America.

The 2019 Bonds are secured on a parity with the 2017 Bonds by Net Special Taxes for Improvement Area A and certain other funds pledged under the Indenture. Additional bonds secured on a parity with the 2019 Bonds can be issued under the Indenture only to refund outstanding Bonds. See “SECURITY FOR THE 2019 BONDS — Issuance of Additional Bonds for Refunding Only.”

Redemption

Optional Redemption.* The 2019 Bonds may be redeemed, at the option of the Community Facilities District, from any source of funds, other than Prepayments, on any date prior to maturity, in whole or in part (in such amounts and maturities as may be designated by the Community Facilities District, with the particular 2019 Bonds of such maturities to be selected by the Fiscal Agent by lot), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

Mandatory Sinking Fund Redemption. The 2019 Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) are required to be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2019 BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Dates</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

The 2019 Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) are required to be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

* *Preliminary, subject to change.*

2019 BONDS MATURING SEPTEMBER 1, 20__

***Redemption Dates
(September 1)***

Principal Amount

\$

(maturity)

If the Community Facilities District purchases Term Bonds and delivers them to the Fiscal Agent at least 45 days prior to an applicable redemption date, the principal amount of the Term Bonds so purchased shall be credited to reduce the Sinking Fund Payment due on such redemption date for the applicable maturity of the Term Bonds.

In the event of a partial optional redemption or special mandatory redemption of Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis.

Special Mandatory Redemption from Prepayments. The 2019 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date prior to maturity from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to the Indenture and amounts transferred from the Reserve Account in connection with such prepayment. Such special mandatory redemption of 2019 Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Assessment Bond Proceeds” for a discussion of the potential for a lower than expected yield on the 2019 Bonds as a result of a special mandatory redemption from prepayment of Special Taxes.

Notice of Redemption. When 2019 Bonds are to be redeemed under the Indenture, the Fiscal Agent shall give notice, in the name of the Community Facilities District, of the redemption of such 2019 Bonds. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the numbers and the maturity date or dates of the 2019 Bonds selected for redemption, except that where all of the 2019 Bonds are subject to redemption, or all the 2019 Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the 2019 Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the 2019 Bonds are to be redeemed; (e) in the case of 2019 Bonds to be redeemed only in part, state the portion of such 2019 Bond which is to be redeemed; (f) state the date of issue of the 2019 Bonds as originally issued; (g) state the rate of interest borne by each 2019 Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the 2019 Bonds being redeemed as shall be specified by the Community Facilities District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each 2019 Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of the 2019 Bonds, as applicable. The actual

receipt by the Owner of any 2019 Bond or the original purchaser of any 2019 Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such 2019 Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as provided in the Indenture shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Fiscal Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2019 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice will be of no force and effect and the Fiscal Agent will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Fiscal Agent will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Book-Entry System

DTC will act as securities depository for the 2019 Bonds, and the 2019 Bonds will be registered in the name of Cede & Co. (DTC’s nominee). One fully-registered bond certificate will be issued for each maturity of the 2019 Bonds, in the aggregate principal amount of such maturity of such 2019 Bonds, and will be deposited with DTC. **So long as Cede & Co. is the registered owner of the 2019 Bonds, references herein to the Owners of the 2019 Bonds shall mean Cede & Co. and shall not mean the actual purchasers (the “Beneficial Owners”) of the 2019 Bonds. The Community Facilities District does not give any assurances that DTC, its Direct Participants, Indirect Participants (as defined in Appendix D hereto) or others will distribute payments with respect to the 2019 Bonds or notices concerning the 2019 Bonds to the Beneficial Owners thereof or that DTC will service and act in the manner described in this Official Statement.**

See Appendix D for a further description of DTC and its book-entry system. The information presented therein is based solely on information provided by DTC, and no representation is made by the Community Facilities District concerning the accuracy thereof.

Estimated Sources and Uses of Funds

The 2019 Bond proceeds are expected to be applied as follows:

Sources:

Principal Amount of the 2019 Bonds	\$
Less: Underwriter’s Discount	
[Plus/Less]: [Net] Original Issue [Premium/Discount]	_____
Total	\$ _____

Uses:

Improvement Fund ⁽¹⁾	\$
Reserve Account ⁽²⁾	
Costs of Issuance Account	_____
Total	\$ _____

⁽¹⁾ Amounts will be deposited into the EMWD Capacity Account and the EMWD Improvement Account.

⁽²⁾ Equal to the Reserve Requirement.

Debt Service Schedule

The following is the annual debt service schedule for the 2019 Bonds and the 2017 Bonds (assuming, in either case, no redemption prior to maturity except from mandatory sinking fund redemption).

<i>Bond Year Ending September 1</i>	<i>2019 Bonds Principal</i>	<i>2019 Bonds Interest</i>	<i>Total 2019 Bonds Annual Debt Service</i>	<i>Total 2017 Bonds Annual Debt Service</i>	<i>Total Annual Debt Service⁽¹⁾</i>
2019				\$125,000.00	
2020				123,500.00	
2021				127,000.00	
2022				125,350.00	
2023				123,700.00	
2024				122,050.00	
2025				119,850.00	
2026				122,650.00	
2027				120,250.00	
2028				117,850.00	
2029				120,450.00	
2030				118,500.00	
2031				116,468.76	
2032				119,437.50	
2033				117,162.50	
2034				114,800.00	
2035				117,437.50	
2036				114,812.50	
2037				112,187.50	
2038				114,562.50	
2039				111,562.50	
2040				113,562.50	
2041				110,375.00	
2042				107,187.50	
2043				109,000.00	
2044				105,400.00	
2045				106,800.00	
2046				108,000.00	
2047				104,000.00	
2048				--	
Total				<u><u>\$3,368,906.26</u></u>	

⁽¹⁾ Equal to the sum of the amounts under the columns “Total 2019 Bonds Annual Debt Service” and “Total 2017 Bonds Annual Debt Service.” Annual Debt Service for the 2019 Bonds has been structured so that Net Special Taxes levied on Developed Property will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on the Developed Property pursuant to the Rate and Method of Apportionment and that the Administrative Expense Requirement increases at the rate of two percent per fiscal year. See “SECURITY FOR THE 2019 BONDS — The Special Tax.”

LIMITATION OF LIABILITY

The 2019 Bonds are secured only by the Net Special Taxes and amounts on deposit in the Special Tax Fund established by the Indenture. In the event of delinquencies in the payment of Special Taxes, neither the Water District nor the Community Facilities District is required to advance any funds for the payment of debt service on the 2019 Bonds. The Community Facilities District will only be required to enforce delinquent Special Taxes in the manner provided in the Act and in its covenant to take judicial foreclosure proceedings as

set forth in the Indenture. See “SECURITY FOR THE 2019 BONDS — Covenant for Superior Court Foreclosure.” The full faith and credit of the Water District and the Community Facilities District are not pledged to the payment of the 2019 Bonds, nor is the payment of the 2019 Bonds secured by any encumbrance, mortgage or other pledge of property of the Water District or the Community Facilities District, except the pledge described above. Special taxes collected in Improvement Area B are not pledged to and do not secure the repayment of the 2019 Bonds.

SECURITY FOR THE 2019 BONDS

General

The 2019 Bonds are secured by a pledge of the Net Special Taxes of Improvement Area A and all moneys deposited in the Special Tax Fund established by the Indenture on a parity with the 2017 Bonds. The 2019 Bonds are not secured by moneys on deposit in the Administrative Expense Fund, the Improvement Fund, the Rebate Fund or the Special Tax Holding Fund established by the Indenture.

The Indenture defines the term “Net Special Taxes” to mean Gross Special Taxes minus the amount (not in excess of the Administrative Expense Requirement) deposited in the Administrative Expense Fund pursuant to the Indenture. “Gross Special Taxes” is defined by the Indenture to mean the amount of all Special Taxes received by the Community Facilities District for Improvement Area A, together with the proceeds collected from the sale of property in Improvement Area A pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes after payment of administrative costs and attorneys’ fees payable from such proceeds to the extent not previously paid from the Administrative Expense Fund. The Administrative Expense Requirement is \$31,836 for Improvement Area A for Fiscal Year 2019-20. The Community Facilities District may increase the Administrative Expense Requirement each Bond Year by up to the lesser of: (a) 102% of the Administrative Expense Requirement applicable in the immediately preceding Bond Year or (b) the remainder of (i) the sum of the Maximum Special Tax applicable to each Parcel of Taxable Property in Improvement Area A in the Fiscal Year that ends in such Bond Year minus (ii) 110% of Annual Debt Service for such Bond Year. See Appendix A — “SUMMARY OF THE INDENTURE — Definitions.”

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the Special Tax is exempt from the tax rate limitation of California Constitution Article XIII A pursuant to Section 4 thereof because it constitutes a “special tax” authorized by a two-thirds vote of the qualified electors in Improvement Area A. Consequently, the Community Facilities District is legally authorized and has covenanted in the Indenture to cause the levy and collection of the Special Tax in Improvement Area A in an amount determined according to the Rate and Method of Apportionment. See “ — The Special Tax” and “SPECIAL RISK FACTORS — Proposition 218” below. The Rate and Method of Apportionment apportions the total amount of the Special Tax to be collected among the taxable parcels in Improvement Area A as more particularly described herein. See “IMPROVEMENT AREA A — Rate and Method of Apportionment.” See also Appendix C — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Although the Special Tax will be levied against taxable parcels within Improvement Area A, it does not constitute a personal indebtedness of the respective Improvement Area A property owners. There is no assurance that the property owners will be financially able to pay the annual Special Tax or that they will pay it even if financially able to do so. See “SPECIAL RISK FACTORS” herein.

The Special Tax

The Special Tax applicable to each parcel of Taxable Property within Improvement Area A in each Fiscal Year is required to be calculated pursuant to the Rate and Method of Apportionment. See “IMPROVEMENT AREA A — Rate and Method of Apportionment.” See also Appendix C — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The Special Tax is collected by the County at the same time and in the same manner as general *ad valorem* property taxes. The Indenture requires that the Fiscal Agent hold the Special Taxes attributable to Improvement Area A in trust for the benefit of the Owners of the 2019 Bonds.

Except for the portion of any prepayment of Special Taxes to be deposited to the Redemption Account, the Community Facilities District will, on each date on which the Special Taxes are received by the Community Facilities District, transfer the Special Taxes to the Fiscal Agent for deposit in the Special Tax Fund to be held in trust by the Fiscal Agent. The Fiscal Agent will use the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) Deposit in the Administrative Expense Fund an amount equal to the Administrative Expense Requirement or, if the Fiscal Agent receives written direction from the Community Facilities District to transfer a lesser amount, then such lesser amount, provided that not more than one half of the Administrative Expense Requirement will be so transferred in any Fiscal Year prior to the date on which the balance on deposit in the Interest Account of the Special Tax Fund is at least equal to the interest payable on the Bonds on March 1;
- (2) Deposit in the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to equal the interest coming due on the Bonds on the next succeeding Interest Payment Date;
- (3) Deposit in the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Bonds and/or the Sinking Fund Payments payable on the next succeeding September 1;
- (4) Deposit in the Redemption Account of the Special Tax Fund the amount necessary to pay any optional redemption of the Bonds as provided in the Indenture;
- (5) Deposit in the Reserve Account of the Special Tax Fund the amount, if necessary, to cause the balance on deposit in the Reserve Account to equal the Reserve Requirement;
- (6) Pay to the Community Facilities District any Administrative Expenses in excess of the Administrative Expense Requirement that the Community Facilities District has requested be paid or reimbursed to it;
- (7) Deposit in the Rebate Account the amounts required to be deposited therein pursuant to the Indenture; and
- (8) Deposit in the Special Tax Holding Fund any amount remaining after all of the foregoing deposits and transfers have been completed.

Notwithstanding the foregoing: (i) the portion of any Prepayment of a Special Tax received by the Community Facilities District for Improvement Area A that is the “Future Facilities Amount” (as defined in the Rate and Method of Apportionment) is required to be transferred to the Fiscal Agent for deposit in the Improvement Fund; and (ii) the portion of any such Prepayment that is to be applied to the redemption of the Bonds is required to be transferred to the Fiscal Agent for deposit in the Redemption Account.

Annual Debt Service for the 2019 Bonds has been structured so that Assigned Special Taxes levied on Developed Property within Improvement Area A, assuming no delinquencies, will generate in each Fiscal Year not less than the sum of the Administrative Expense Requirement plus 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property in Improvement Area A pursuant to the Rate and Method of

Apportionment and that the applicable Administrative Expense Requirement increases at the rate of two percent per year.

“Developed Property” under the Rate and Method of Apportionment generally means property for which a building permit has been issued by April 1 of the Fiscal Year preceding the Special Tax levy for Improvement Area A, and “Approved Property” generally means parcels of taxable property within Improvement Area A included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied but for which no building permit was issued on or prior to the April 1 preceding such Fiscal Year. All 252 parcels in Improvement Area A will be classified as Developed Property for purposes of the Fiscal Year 2019-20 Special Tax levy.

See “IMPROVEMENT AREA A — Rate and Method of Apportionment.” See also “IMPROVEMENT AREA A — Direct and Overlapping Debt” herein for a discussion of the Water District’s total effective tax rate policy.

Reserve Account

In order to secure further the payment of principal and interest on the 2019 Bonds, the Community Facilities District will deposit proceeds of such 2019 Bonds into the Reserve Account in an amount sufficient to make the balance on deposit therein equal the Reserve Requirement. The Reserve Requirement is defined in the Indenture as the amount, as of any date of calculation, that is equal to the least of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any, or (iii) 125% of Average Annual Debt Service on the then Outstanding Bonds and any Parity Bonds. The Reserve Requirement upon issuance of the 2019 Bonds is \$_____.

As a condition to the issuance of Parity Bonds (which may be issued for refunding purposes only (see the caption “—Issuance of Additional Bonds for Refunding Only”), proceeds from the sale of such Parity Bonds in an amount sufficient to cause the balance in the Reserve Account to equal the Reserve Requirement are to be deposited in the Reserve Account, provided that if the interest on such Parity Bonds is intended by the Community Facilities District to be excluded from the gross income of the recipients thereof for federal income tax purposes, such amount shall not exceed the maximum amount of proceeds that, in the opinion of Bond Counsel, can be so deposited without causing the interest on such Parity Bonds to be included in the gross income of the recipients thereof for federal income tax.

Moneys in the Reserve Account shall be used solely for the purpose of (i) paying principal of, including Sinking Fund Payments, and interest on the Bonds when due, and (ii) making any required transfer to the Rebate Fund upon written direction from the Community Facilities District or any required transfer to the Redemption Account. For a further discussion of the Reserve Account, see Appendix A — “SUMMARY OF THE INDENTURE — Creation of Funds; Application of Proceeds; and Special Taxes — Reserve Account of the Special Tax Fund.”

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the Community Facilities District has covenanted in the Indenture with and for the benefit of the Bondowners that it will order, and cause to be commenced, on or before October 1 of the Fiscal Year immediately following the Fiscal Year in which a delinquency in the payment of a Special Tax occurs in Improvement Area A, 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, provided that the Community Facilities District need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than \$5,000 if both (i) the aggregate amount of such delinquent Special Taxes does not exceed 5% of the total Special Taxes due and payable for the Fiscal

Year in question and (ii) the balance on deposit in the Reserve Account is not less than the Reserve Requirement (except the Community Facilities District will nevertheless be required to commence and pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of the Special Taxes in the amount of \$5,000 or more).

Pursuant to the Act, the Community Facilities District may waive delinquency penalties and redemption penalties if it determines that (i) the waivers shall apply only to parcels delinquent at the time of the determination, (ii) the waivers shall only be available with respect to parcels for which all past due and currently due Special Taxes and all other related costs are paid in full within a limited period of time specified in the determination, (iii) the waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency, and (iv) the waivers are in the best interest of the Owners of the 2019 Bonds.

In the event foreclosure or foreclosures are necessary, there may be a delay in payments to Bondowners pending prosecution of the foreclosure proceedings and receipt by the Community Facilities District of the proceeds of the foreclosure sale; it is also possible that no bid for the purchase price or applicable property would be received at the foreclosure sale. See “SPECIAL RISK FACTORS — Enforcement Delays — Bankruptcy.” Notwithstanding any other provision of the Indenture, the Water District is not obligated to advance available funds from the Water District Treasury to cure any deficiency in the Special Tax Fund established and held under the Indenture.

Water District’s Collection Practices

The staff of the Water District provides administrative and other support services for the community facilities districts that have been formed by the Water District. These services include, but are not limited to, attempting to collect delinquent special taxes prior to the commencement of foreclosure proceedings by sending demand letters to property owners whose special taxes are delinquent advising them of the consequences of failing to pay the applicable special taxes. The current practices of the Water District’s staff are summarized below.

Within approximately six weeks following each December 10 and April 10 (the respective dates on which the first and second installment of special taxes become delinquent), the County notifies the Water District of delinquencies within the Water District’s community facilities districts. Generally, it is the Water District’s practice to send out demand letters to delinquent property owners within 60 days of being notified of such delinquencies. The Water District generally allows at least 30 days from the date of mailing the demand letters before commencing foreclosure proceedings. In some circumstances, the Water District allows homeowners to pay delinquent Special Taxes and penalties in six month installments.

The Water District is not required to continue the collection practices described herein, but it has no current intention of ceasing to do so. The Community Facilities District has covenanted in the Indenture to commence foreclosure proceedings by October 1 following the fiscal year in which the delinquencies occurred, except under certain circumstances. See the caption “— Covenant for Superior Court Foreclosure.”

Issuance of Additional Bonds for Refunding Only

The Community Facilities District has covenanted in the Indenture that it will not issue any additional Parity Bonds payable from the Net Special Taxes or from any other amounts in the Special Tax Fund for Improvement Area A on a parity with the 2019 Bonds, except Parity Bonds issued to refund Outstanding 2017 Bonds, 2019 Bonds or any other Parity Bonds.

THE WATER DISTRICT

The Water District is located in Riverside County, California and includes the Cities of Temecula, Murrieta, Moreno Valley, Hemet, San Jacinto, Perris and Menifee, as well as unincorporated portions of the County. The Water District was established in 1950 and is a municipal water district formed and existing pursuant to the Municipal Water District Law of 1911, Division 20 (commencing at Section 71000) of the Water Code of the State. The Water District provides both water and wastewater services within its boundaries. Although at the time of its formation the major demand for the Water District's services was related to agriculture, domestic customers now constitute the major portion of the demand for such services. The Water District encompasses 555 gross square miles and has a current estimated population of approximately 827,000.

IMPROVEMENT AREA A

General Information

The Board formed the Community Facilities District and Improvement Area A under the Act in order to provide for the financing of public improvements to meet the needs of new development within the Community Facilities District. The then owners of all of the property within Improvement Area A authorized the Community Facilities District to incur bonded indebtedness for Improvement Area A, approved the Rate and Method of Apportionment and authorized the levy of the Special Tax within Improvement Area A.

Improvement Area A is located in the City of Menifee west of Briggs Road, south of Old Newport Road and north of Tres Lagos Road. Improvement Area A contains approximately 74.54 gross acres and approximately 42.94 taxable acres, and is planned for a total of 252 single family detached homes at buildout. The development in Improvement Area A is part of a master planned community called "The Lakes," which is being marketed in two product lines known as "Camellia" and "Mariposa." The Camellia and Mariposa product lines include 142 and 110 of the 252 total units planned for Improvement Area A, respectively. The developer of the property within Improvement Area A is Lennar Homes of California, Inc., a California corporation ("Lennar Homes" or the "Developer"). The Developer acquired the property within Improvement Area A on December 9, 2013. All of the property within Improvement Area A is within final Tract Map No. 30422-3.

As of January 1, 2019, Improvement Area A included 232 completed production units which had closed escrow to individual homeowners. As of such date, Lennar Homes owned 2 completed model homes, and 18 production units under construction. All 142 planned homes within the Camellia product line have been completed and conveyed to individual homeowners. The remaining 20 homes to be built and sold within Improvement Area A are in the Mariposa product line. As of January 1, 2019, 4 of the 20 remaining homes owned by Lennar Homes within Improvement Area A were in escrow. Lennar expects to complete and convey all remaining homes within Improvement Area A to individual homeowners by the third quarter of 2019. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Water and sewer service to the property within Improvement Area A is currently supplied by the Water District. Electricity is currently supplied by Southern California Edison, gas by Southern California Gas Company and telephone services by Verizon.

Although, like all of Southern California, the land within Improvement Area A is subject to seismic activity, it is not located within an Alquist-Priolo Earthquake Fault Zone.

A map showing the location of Improvement Area A and an aerial photograph thereof appear following the Table of Contents, respectively, and information about the ownership and planned development of such property is set forth under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

The Project

The Project includes the acquisition or construction of certain water and sewer system improvements by or for the Water District that are required in order to provide water and sewer service to the property within Improvement Area A and payments to the Water District of Improvement Area A's share of the costs of the Water District's water, sewer and sewer treatment facilities.

Rate and Method of Apportionment

Assignment to Land Use Categories. The Rate and Method of Apportionment for Improvement Area A is contained in Appendix C — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Capitalized terms used and not defined under this caption "— Rate and Method of Apportionment" shall have the meanings ascribed thereto in Appendix C attached. In general, the Rate and Method of Apportionment imposes a different Maximum Special Tax on Taxable Property depending upon whether such Taxable Property is classified as: (i) "Developed Property" (in general, Taxable Property included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied and for which a building permit for new construction was issued on or prior to the April 1 preceding such Fiscal Year), (ii) "Approved Property" (in general, parcels of Taxable Property included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied but for which no building permit was issued on or prior to the April 1 preceding such Fiscal Year), or (iii) "Undeveloped Property" (in general, Taxable Property that is not "Developed Property" or "Approved Property," "Public Property" or "Property Owner's Association Property"). Different Maximum Special Taxes are also applicable to Developed Property depending upon: (a) its status as either "Residential Property" or "Non-Residential Property," (b) in the case of Residential Property, its status as "Single Family Property" or "Multifamily Residential Property" or (c) in the case of Single Family Property, the Residential Floor Area of the structure.

Method of Apportionment of Special Tax. Pursuant to the Rate and Method of Apportionment the Board is required to determine the "Special Tax Requirement" for each Fiscal Year. The Special Tax Requirement is the amount required in any Fiscal Year to pay: (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year, (ii) periodic costs on such Bonds, including but not limited to, credit enhancement and rebate on the Bonds, (iii) Administrative Expenses, (iv) an amount equal to any anticipated shortfall due to Special Tax delinquencies in the prior Fiscal Year, (v) any amounts required to establish or replenish any reserve funds for the outstanding Bonds, and (vi) until the final series of Bonds for Improvement Area A are issued as determined by the Board, to pay directly for acquisition or construction of the facilities eligible under the Act, provided that the inclusion of such amount does not increase the levy of Special Tax on Approved Property or Undeveloped Property as set forth in the Rate and Method of Apportionment, less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

The Community Facilities District has covenanted in the Indenture that it will not issue any additional Parity Bonds payable from the Net Special Taxes or from any other amounts in the Special Tax Fund for Improvement Area A on a parity with the 2019 Bonds, except Parity Bonds issued to refund Outstanding 2017 Bonds, 2019 Bonds or any other Parity Bonds. See "SECURITY FOR THE 2019 BONDS — Issuance of Additional Bonds for Refunding Only."

The Special Tax Requirement for Improvement Area A is to be satisfied first by levying the Special Tax Proportionately on each Parcel of Developed Property within Improvement Area A at up to 100% of the applicable Assigned Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property. If additional moneys are still needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax. If additional moneys are still needed to satisfy the Special Tax Requirement, the Special Tax that is to be levied on each Parcel of Developed Property for which the

Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for such Parcel. Finally, any additional amounts required in order to satisfy the Special Tax Requirement shall be raised by the levy of the Special Tax Proportionately on each Parcel of Taxable Property that is Public Property and/or Property Owner's Association Property that is not Exempt Property at up to 100% of the applicable Maximum Special Tax for such Parcel. Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Parcel of Residential Property within Improvement Area A be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

Assigned Special Tax and Backup Special Tax. The Assigned Special Tax for Developed Property within Improvement Area A that is classified as Single Family Property ranges from \$1,154 per taxable unit with a Residential Floor Area of 2,100 square feet or less to \$1,314 per taxable unit with a Residential Floor Area of 3,101 square feet or greater. The Maximum Special Tax for Multifamily Residential Property is \$7,803 per acre. The Maximum Special Tax for Non-Residential Property is \$7,803 per acre. The Maximum Special Tax for each Parcel of Undeveloped Property or Public Property and/or Owner's Association Property that is not Exempt Property is \$7,803 per acre.

When a Final Map is recorded, the Backup Special Tax for a Parcel classified or to be classified as Single Family Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Multifamily Residential Property, Public Property and Property Owners' Association Property that is not Exempt Property and dividing such amount by the total number of Parcels within such Final Map classified as either (i) Single Family Property or (ii) Approved Property for which a Building Permit is expected to be issued for Single Family Property (i.e., the number of single family residential lots). Notwithstanding the forgoing, if Parcels classified or to be classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, and Property Owners' Association Property.

Prepayment of Special Taxes. The Maximum Special Tax obligation for a Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method of Apportionment are satisfied. The Prepayment amount is calculated based on the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, Administrative Fees and Expenses and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in Section H of the Rate and Method of Apportionment attached as Appendix C. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds. See "THE 2019 BONDS — Redemption — *Special Mandatory Redemption from Prepayments.*"

Estimated Debt Service Coverage. Annual Debt Service for the 2019 Bonds has been structured so that Assigned Special Taxes levied on Developed Property within Improvement Area A, assuming no delinquencies, will generate in each Fiscal Year not less than the sum of the Administrative Expense Requirement plus 110% of debt service payable with respect to the 2017 Bonds and the 2019 Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property in Improvement Area A pursuant to the Rate and Method of Apportionment and that the applicable Administrative Expense Requirement increases at the rate of two percent per year. All 252 parcels in Improvement Area A will be classified as Developed Property for the Fiscal Year 2019-20 Special Tax levy.

The table below sets forth the Assigned Special Tax per unit or acre of Developed Property and Approved Property for Improvement Area A, the projected Fiscal Year 2019-20 Special Tax levy and the percent of such levy based on land use class.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
(IMPROVEMENT AREA A)
ASSIGNED SPECIAL TAXES

<i>Land Use</i>	<i>Tax Class</i>	<i>Residential Floor Area</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit⁽¹⁾</i>	<i>Projected Fiscal Year 2019-20 Special Tax Per Unit*</i>	<i>Total Projected Fiscal Year 2019-20 Special Tax Levy^{(2)*}</i>	<i>Percent of Total*</i>
Single Family	D1	2,100 sq. ft. or Less	120	\$1,154	\$1,054	\$ 126,427	46.01%
Single Family	D2	2,101 sq. ft. – 2,300 sq. ft.	42	1,191	1,087	45,668	16.62
Single Family	D3	2,301 sq. ft. – 2,500 sq. ft.	35	1,229	1,122	39,271	14.29
Single Family	D4	2,501 sq. ft. – 2,700 sq. ft.	0	1,246	N/A	0	0.00
Single Family	D5	2,701 sq. ft. – 2,900 sq. ft.	55	1,263	1,153	63,419	23.08
Single Family	D6	2,901 sq. ft. – 3,100 sq. ft.	0	1,280	N/A	0	0.00
Single Family	D7	3,101 sq. ft. or Greater	<u>0</u>	<u>1,314</u>	<u>N/A</u>	<u>0</u>	<u>0.00</u>
Totals			252			\$ 274,786	100.00%

* Preliminary, subject to change.

(1) Based upon the principal amount of the Outstanding 2017 Bonds and the 2019 Bonds the estimated Fiscal Year 2019-20 Administrative Expense Requirement of \$31,836.

Source: Webb Municipal Finance, LLC.

Assessed Value-to-Lien Ratios

The Community Facilities District has not engaged an independent appraiser to provide an opinion concerning the values of the parcels within Improvement Area A that comprise the Taxable Property. However, the Community Facilities District has determined the assessed values of those parcels, as shown on the Fiscal Year 2018-19 County Assessor’s roll. The aggregate assessed value of the Taxable Property within Improvement Area A as shown on the Fiscal Year 2018-19 County Assessor’s roll is \$75,511,868.

The value of the property within Improvement Area A is significant to an evaluation of the 2019 Bonds because, in the event of a delinquency in the payment of Special Taxes, the Community Facilities District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its “share” of the 2017 Bonds and the 2019 Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the Special Tax. As indicated above, the aggregate assessed value of the Taxable Property within Improvement Area A as shown on the 2018-19 County Assessor’s roll is \$75,511,868. The ratio of that value to the \$3,920,000* total principal amount of the 2017 Bonds and 2019 Bonds is approximately 19.26-to-1*. This ratio does not include other overlapping debt within the Community Facilities District. See “— Direct and Overlapping Debt” below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area A to the total principal amount of all direct and overlapping special tax and assessment bonds for Improvement Area A (\$8,021,789*, inclusive of the 2017 Bonds and the 2019 Bonds) is approximately 9.41-to-1*.

* Preliminary, subject to change.

As of January 1, 2019, Improvement Area A included 232 completed production units which had closed escrow to individual homeowners. As of such date, Lennar Homes owned 2 completed model homes and 18 production units under construction. As of January 1, 2019, 4 of the 20 remaining homes owned by Lennar Homes within Improvement Area A were in escrow. Lennar expects to complete and convey all remaining homes within Improvement Area A to individual homeowners by the third quarter of 2019. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Table 2 below sets forth historic assessed values within Improvement Area A for Fiscal Year 2014-15 through 2018-19.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A
ASSESSED VALUATION HISTORY

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement AV</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Value⁽¹⁾</i>	<i>Annual Percent Change</i>
2014-15	3	0	\$ 2,049,246	\$ 0	\$ 2,049,246	N/A
2015-16	3	0	2,090,187	0	2,090,187	2.00%
2016-17	252	57	7,699,671	10,633,247	18,332,918	777.09
2017-18	252	102	13,464,991	25,261,711	38,726,702	111.24
2018-19	252	194	22,583,140	52,928,728	75,511,868	94.99

⁽¹⁾ As of January 1 of each year as shown on the County Assessor’s rolls. Total Assessed Value is calculated as the sum of Land Assessed Value and Improvement Assessed Value.

Source: Webb Municipal Finance, LLC

Table 3 below sets forth the value-to-lien ratios by property owner, and Table 4 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area A based on the Fiscal Year 2018-19 assessed values (based on the County Assessor’s roll), and such parcels’ respective shares of the principal amount of the 2017 Bonds and the 2019 Bonds and other direct and overlapping debt within Improvement Area A (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2019-20). Each of the aforesaid value-to-lien ratios is for the entirety of Improvement Area A, however, the ratios of the value of individual lots within Improvement Area A to their respective shares of the principal amount of the Bonds can be expected to vary substantially depending upon the status of development and selling price thereof. See Table 3 below. The apportionment of existing land secured debt other than the 2017 Bonds and the 2019 Bonds is a function of the rate and method of apportionment attributable to each of those community facilities districts.

Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. Moreover, as a result of declines in the market value of properties in recent years, assessed valuations of many properties in the County have declined in the recent years. As a result of the foregoing, there can be no assurance that the assessed valuations of the properties within

Improvement Area A accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations.

No assurance can be given that, should a delinquent parcel be foreclosed and sold for the amount of the delinquency, any bid will be received for such parcel, or if a bid is received that such bid will be sufficient to pay such delinquent Special Taxes.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A
VALUE-TO-LIEN RATIOS BY PROPERTY OWNER

<i>Property Owner⁽¹⁾</i>	<i>Parcels</i>	<i>Maximum Special Tax</i>	<i>Percent of Maximum Special Tax</i>	<i>Projected Fiscal Year 2019-20 Special Tax Levy^{(2)*}</i>	<i>Percentage of Projected Fiscal Year 2019-20 Special Tax Levy*</i>	<i>Fiscal Year 2018-19 Total Assessed Value</i>	<i>Allocation of 2017 Bonds^{(3)*}</i>	<i>Allocation of 2019 Bonds^{(2)*}</i>	<i>Other Overlapping Land Secured Debt⁽⁴⁾</i>	<i>Total Direct and Overlapping Land Secured Debt*</i>	<i>Aggregate Value-to-Lien*</i>
Lennar Homes	20	\$ 26,394	7.94%	\$ 21,308	7.75%	\$ 963,990	\$ 160,901	\$ 143,067	\$ 70,357	\$ 374,325	2.58:1
Individual Homeowners	<u>232</u>	<u>306,170</u>	<u>92.06</u>	<u>253,479</u>	<u>92.25</u>	<u>74,547,878</u>	<u>1,914,099</u>	<u>1,701,933</u>	<u>4,031,431</u>	<u>7,647,463</u>	<u>9.75:1</u>
Totals	252	\$ 332,564	100.00%	\$ 274,786	100.00%	\$ 75,511,868	\$ 2,075,000	\$ 1,845,000	\$ 4,101,789	\$ 8,021,789	9.41:1

* Preliminary, subject to change.

(1) Based on ownership as of January 1, 2019. All Taxable Property will be classified as Developed Property for the Fiscal Year 2019-20 Special Tax levy.

(2) Based upon the principal amount of the Outstanding 2017 Bonds and the 2019 Bonds the estimated Fiscal Year 2019-20 Administrative Expense Requirement of \$31,836.

(3) Allocated based on the projected Fiscal Year 2019-20 Special Tax levy.

(4) Includes overlapping land-secured and assessment debt shown in Table 5 below. Excludes overlapping general obligation bonded indebtedness and general fund debt.

Source: Webb Municipal Finance, LLC.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A
VALUE-TO-LIEN STRATIFICATION

<i>Assessed Value-to-Lien⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Percentage of Total Parcels</i>	<i>Total Assessed Value</i>	<i>Percentage of Total Assessed Value</i>	<i>Maximum Special Tax</i>	<i>Percentage of Total Maximum Special Tax</i>	<i>Projected Fiscal Year 2019-20 Special Tax Levy</i>	<i>Percentage of Projected Fiscal Year 2019-20 Special Tax Levy</i>	<i>Allocation of 2017 Bonds</i>	<i>Allocation of 2019 Bonds*</i>	<i>Other Overlapping Land Secured Debt⁽²⁾</i>	<i>Total Direct and Overlapping Land Secured Debt*</i>	<i>Aggregate Value-to-Lien*</i>
Less than 3.00:1 ⁽³⁾	58	23.02%	\$ 1,365,278	1.81%	\$ 76,542	23.02%	\$ 61,850	22.51%	\$ 467,048	\$ 415,279	\$ 603,984	\$ 1,486,311	.92:1
3.00:1 to 5.99:1	3	1.19	468,008	0.62	3,959	1.19	3,298	1.20	24,901	22,141	52,037	99,080	4.72:1
6.00:1 to 8.99:1	10	3.97	2,585,305	3.42	13,197	3.97	10,737	3.91	81,082	72,094	172,487	325,663	7.94:1
9.00:1 to 11.99:1	116	46.03	44,623,345	59.09	153,085	46.03	129,218	47.03	975,770	867,613	2,145,834	3,989,216	11.19:1
Greater than 11.99:1 ⁽⁴⁾	<u>65</u>	<u>25.79</u>	<u>26,469,932</u>	<u>35.05</u>	<u>85,780</u>	<u>25.79</u>	<u>69,683</u>	<u>25.36</u>	<u>526,199</u>	<u>467,873</u>	<u>1,127,446</u>	<u>2,121,519</u>	<u>12.48:1</u>
Total	252	100.00%	\$ 75,511,868	100.00%	\$ 332,564	100.00%	\$ 274,786	100.00%	\$ 2,075,000	\$ 1,845,000	\$ 4,101,789	\$ 8,021,789	9.41:1

* Preliminary, subject to change.

(1) Assessed Value-to-Lien based upon the outstanding 2017 Bonds, the 2019 Bonds and other overlapping land-secured debt.

(2) Includes overlapping land-secured and assessment debt shown in Table 5 below. Excludes overlapping general obligation bonded indebtedness and general fund debt.

(3) 58 parcels, which will be classified as Developed Property for the Fiscal Year 2019-20 Special Tax levy, did not have assigned structure assessed value for Fiscal Year 2018-19. The lowest value to lien in the less than 3.00:1 category is 0.60:1*.

(4) The highest value to lien in the greater than 11.99:1 category is 12.48:1*.

Source: Webb Municipal Finance, LLC.

Direct and Overlapping Debt

Improvement Area A is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area A is shown in the table below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area A; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
(IMPROVEMENT AREA A)
DIRECT AND OVERLAPPING DEBT

ASSESSED VALUE						
FY 18-19 Assessed Value ⁽¹⁾						\$75,511,868
LAND SECURED BOND INDEBTEDNESS						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>
				<i>Applicable</i>	<i>2014-67 IA A</i>	<i>Applicable</i>
EMWD CFD 2014-67 IA A (TR. 30422-3/TR. 36437)	CFD	\$ 4,030,000	\$ 3,920,000 ^{(2)*}	100.00%	252	\$ 3,920,000*
CFD 92-1 PERRIS UNION	CFD	40,000,000	34,040,000	1.49	223	507,614
CFD 03-1 Newport Rd	CFD	20,000,000	11,370,000	4.39	252	499,175
CFD 2003-2 IA B Menifee USD	CFD	3,095,000	3,095,000	100.00	252	3,095,000
Total Outstanding Land Secured Bonded Debt⁽³⁾						\$ 8,021,789*
<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>
				<i>Applicable</i>	<i>2014-67 IA A</i>	<i>Applicable</i>
EMWD CFD 2014-67 IA A (TR. 30422-3/TR. 36437)	CFD	\$ 5,000,000	\$ 0 ⁽⁴⁾	100.00%	252	\$ 0
CFD 92-1 PERRIS UNION HS	CFD	40,000,000	0	1.49	223	0
CFD 03-1 Newport Rd	CFD	20,000,000	0	4.39	252	0
CFD 2003-2 IA B Menifee USD	CFD	7,000,000	3,905,000	100.00	252	3,905,000
Total Unissued Land Secured Indebtedness⁽³⁾						\$ 3,905,000
Total Outstanding and Unissued Land Secured Indebtedness						\$ 11,926,789*
GENERAL OBLIGATION BOND INDEBTEDNESS						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>
				<i>Applicable⁽⁵⁾</i>	<i>2014-67 IA A</i>	<i>Applicable</i>
Menifee Union School B & I (0.06303%)	GO	\$ 69,353,923	\$ 61,739,720	0.7439%	252	\$ 459,310
Perris Union High School B & I (0.05243%)	GO	137,410,283	97,664,134	0.4620	252	451,192
MT San Jacinto Comm (0.01320%)	GO	190,000,000	172,650,000	0.0851	252	146,958
Metropolitan Water East (0.00350%)	GO	850,000,000	60,600,000	0.0027	252	1,626
Eastern Muni Water Imp U-35 (0.01900%)	GO	9,000,000	7,497,000	1.6516	252	123,821
Eastern Muni Water Imp U-36 (0.01900%)	GO	9,012,000	7,508,000	1.6516	252	124,003
Total Outstanding General Obligation Bonded Debt⁽³⁾						\$ 1,306,910
<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>						
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>
				<i>Applicable⁽⁵⁾</i>	<i>2014-67 IA A</i>	<i>Applicable</i>
Menifee Union School B & I (0.06303%)	GO	\$ 180,960,000	\$ 111,606,078	0.7439%	252	\$ 830,288
Perris Union High School B & I (0.05243%)	GO	215,420,000	78,009,717	0.4620	252	360,392
MT San Jacinto Comm (0.01320%)	GO	295,000,000	105,000,000	0.0851	252	89,375
Metropolitan Water East (0.00350%)	GO	850,000,000	0	0.0027	252	0
Eastern Muni Water Imp U-35 (0.01900%)	GO	46,200,000	37,200,000	1.6516	252	614,398
Eastern Muni Water Imp U-36 (0.01900%)	GO	19,700,000	10,688,000	1.6516	252	176,524
Total Unissued General Obligation Indebtedness⁽³⁾						\$ 2,070,977
Total Outstanding and Unissued General Obligation Indebtedness						\$ 3,377,887
TOTAL OF ALL OUTSTANDING, DIRECT AND OVERLAPPING BONDED DEBT						\$ 9,328,698*
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS						\$ 15,304,676*
Ratios to 2018-2019 Assessed Valuation						
Outstanding Land Secured Bonded Debt		9.41:1*				
Total Outstanding Bonded Debt		8.09:1*				

* Preliminary, subject to change.

(1) Fiscal Year 2018-19 Assessed Valuation data includes values for parcels classified as Developed, Approved, and Undeveloped Property as of January 1, 2018, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the Outstanding 2017 Bonds and the projected principal amount of the 2019 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2018-19.

(4) Additional Parity Bonds may be issued for refunding purposes only. See "SECURITY FOR THE 2019 BONDS — Issuance of Additional Bonds for Refunding Only."

(5) Percentage applicable determined by Fiscal Year 2018-2019 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Annual Debt Service for the 2019 Bonds has been structured so that Assigned Special Taxes levied on Developed Property within Improvement Area A, assuming no delinquencies, will generate in each Fiscal Year not less than the sum of the Administrative Expense Requirement plus 110% of debt service payable with respect to the Outstanding 2017 Bonds and the 2019 Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property in Improvement Area A pursuant to the Rate and Method of Apportionment and that the applicable Administrative Expense Requirement increases at the rate of two percent per year. All 252 parcels in Improvement Area A will be classified as Developed Property for purposes of the Fiscal Year 2019-20 Special Tax levy.

Based on the principal amount of the 2019 Bonds, interest costs and estimated Administrative Expenses and Fiscal Year 2018-19 tax rates for all other taxing jurisdictions within Improvement Area A, the total projected Fiscal Year 2019-20 average effective tax rate for Developed Property in Improvement Area A is approximately 1.93% of the average assessed value of a parcel of Developed Property within Improvement Area A. The Water District's policies require that the total effective tax rate not exceed 2% of the projected sales prices at the time of formation of a community facilities district.

The following table sets forth the estimated total tax obligation of a parcel of Developed Property in Improvement Area A for Fiscal Year 2019-20, based on the average assessed value of a parcel of Developed Property.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A
ESTIMATED AVERAGE FISCAL YEAR 2019-20 TAX OBLIGATION⁽¹⁾
FOR PARCELS OF DEVELOPED PROPERTY

Average Home Value ⁽²⁾	\$ 382,199
<i>Ad Valorem Property Taxes:</i>	
Basic Levy (1.0000%)	\$ 3,821.99
Menifee Union School District B & I (0.06303%)	240.90
Perris Union High School District B & I (0.05243%)	200.39
Mt. San Jacinto Community College District (0.0132%)	50.45
Metropolitan Water East (0.0035%)	13.38
Eastern Municipal Water Imp U-35 (0.01900%)	72.62
Eastern Municipal Water Imp U-36 (0.01900%)	<u>72.62</u>
Total General Property Taxes	\$ 4,472.34
<i>Assessment, Special Taxes & Parcel Charges:</i>	
CFD 03-1 Newport Rd	\$ 232.00
Flood Control Stormwater/Cleanwater	3.54
CSA #152	45.02
CFD 92-1 Perris Union HS	298.58
AD Menifee CSA 84	48.84
CFD 2003-2 Imp Area B Menifee USD	848.22
V-Wide Menifee FAC, LMD 88-1	317.00
V-Wide Regional FAC, LMD 88-1	5.54
MWD Standby East	6.94
EMWD Water Standby-Combined Charge	21.00
EMWD 2014-67 IA A ⁽³⁾	<u>1,090.42</u>
Total Assessment Charges	<u>\$ 2,917.10</u>
Average Total Property Tax	\$ 7,389.44
Average Effective Tax Rate	1.93%

⁽¹⁾ Average Fiscal Year 2019-20 tax rates based upon Fiscal Year 2018-19 Overlapping Taxes and Assessment Rates.

⁽²⁾ Based on the average Fiscal Year 2018-19 assessed value for parcels with structure assessed value assigned by the County Assessor.

⁽³⁾ Based on the projected average Fiscal Year 2019-20 Special Tax levy.

Source: Webb Municipal Finance, LLC, based on information provided by Riverside County.

Delinquency History

Fiscal Year 2016-17 was the first year in which Special Taxes were levied in Improvement Area A. Table 7 sets forth the Special Tax levies, delinquencies and delinquency rates for Fiscal Year 2016-17 through the first installment for Fiscal Year 2018-19.

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437)
OF EASTERN MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA A
SPECIAL TAX LEVIES, DELINQUENCIES, AND DELINQUENCY RATES
FISCAL YEARS 2016-17 THROUGH 2018-19

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies Following Fiscal Year End			Delinquencies as of December 5, 2018		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2016-17 ⁽¹⁾	\$ 81,316.92	69	0	\$ 0.00	0.00%	0	\$0.00	0.00%
2017-18	\$ 172,804.00	143	1	595.50	0.34	0	0.00	0.00
2018-19 ⁽²⁾	135,322.50	226	N/A	N/A	N/A	3	1,822.50	1.35

⁽¹⁾ First year of Special Tax Levy.

⁽²⁾ Delinquency information for Fiscal Year 2018-19 is for the first installment only.

Source: Webb Municipal Finance, LLC.

Top Taxpayers

Based on ownership status as of January 1, 2019, Special Taxes for Fiscal Year 2019-20 within Improvement Area A will be levied on 252 parcels classified as Developed Property (20 and 232 of which were owned by Lennar Homes and individual homeowners, respectively). Lennar Homes and individual homeowners are expected to be responsible for approximately 7.94% and 92.06%, respectively, of the projected Fiscal Year 2019-20 Special Tax levy within Improvement Area A, based on ownership status as of January 1, 2019. The Community Facilities District is not aware of any other property owner beside Lennar Homes which owns more than one parcel within Improvement Area A.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2019 Bonds and Improvement Area A. No assurance can be given, however, that the proposed development of the property within Improvement Area A will occur in a timely manner or in the configuration or to the density described herein, or that the Developer, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property within Improvement Area A. Neither the 2019 Bonds nor any of the Special Taxes are personal obligations of any property owner within Improvement Area A. The 2019 Bonds are secured solely by the Net Special Taxes of Improvement Area A and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Indenture. See "SPECIAL RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the 2019 Bonds.

The Developer

General. The property in Improvement Area A is being developed by Lennar Homes of California, Inc., a California corporation. Lennar Homes is based in Aliso Viejo, California, and has been in the business of developing residential real estate communities in California since 1995. Lennar Homes is wholly-owned by

U.S. Home Corporation, a Delaware corporation (“U.S. Home”). U.S. Home is wholly-owned by Lennar Corporation, a Delaware corporation (“Lennar Corporation”).

Lennar Corporation, founded in 1954 and publicly traded under the symbol “LEN” since 1971, is one of the nation’s largest home builders, operating under a number of brand names, including Lennar and U.S. Home. The company primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which the company maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the internet at the SEC’s website at www.sec.gov. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Copies of Lennar Corporation’s Annual Report and related financial statements are available from Lennar Corporation’s website at www.lennar.com. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Recent Litigation Against Lennar Corporation. A lawsuit was filed in the state court of California against Lennar Corporation relating to Lennar Corporation and LandSource Communities Development, LLC, a Delaware limited liability company (“LandSource”), in which the California Public Employees’ Retirement System (“CalPers”) invested in 2007 (“Complaint”). LandSource filed for bankruptcy on June 8, 2008 (“LandSource Bankruptcy Matter”), and a plan for reorganization was approved by the bankruptcy court on July 20, 2009. (In re: LandSource Communities Development LLC, et al, Case No. 08-11111, United States Bankruptcy Court, District of Delaware.) The Complaint, which is filed as a qui tam action by a newly created limited liability company, makes a number of claims related to Lennar Corporation’s actions regarding LandSource and the related bankruptcy and seeks injunctive relief and damages (including statutory and treble) relating to CalPers’ alleged \$970 million loss. Lennar Corporation filed a petition to remove the Complaint to federal court (Citizens Against Corporate Crime (“CACC”) v. Lennar Corporation (9th Circuit, California Eastern District Court, Case No. 2:2018cv01269). Lennar Corporation also filed a Motion to Reopen the Chapter 11 Bankruptcy Cases for the Limited Purpose of Enforcing the Injunction and Release in the Debtors’ Joint Chapter 11 Plan and Confirmation Order. Lennar Corporation contended that in addition to the Complaint being barred by the release and injunction in the LandSource Bankruptcy Matter, the Complaint was meritless and barred by applicable statutes of limitation and other defenses. On July 17, 2018, the Bankruptcy Court granted that motion, allowing Lennar Corporation to proceed with filing its proposed enforcement motion. After a hearing on October 25, 2018, the Bankruptcy Court granted the enforcement motion and found that CACC and its member Nicolas Marsch III (“Marsch”) filed the Complaint in violation of the injunction and release in the Chapter 11 Plan and Confirmation Order and barred CACC, Marsch and their agents from prosecuting the Complaint. Further, the Bankruptcy Court enjoined CACC, Marsch and their agents from continuing to pursue released and enjoined claims and causes of action against Lennar in further violation of the Chapter 11 Plan and Confirmation Order. CACC filed a Notice of Appeal and Statement of Election; CACC also filed a Request for Consent to Dismiss the Complaint, and the federal district court dismissed the Complaint by minute order issued November 16, 2018. Lennar Homes was not a party to the Complaint. Lennar Homes believes that even if, in the unlikely event, the appeal and the underlying claims are successful against Lennar Corporation, Lennar Homes will be able to complete the development and sale of its project within Improvement Area A as described in this Official Statement and pay Special Taxes and ad

valorem tax obligations on the property that it owns within Improvement Area A prior to delinquency during Lennar Homes' period of ownership.

The Development Plan

General Description of Improvement Area A. Improvement Area A is located in the City of Menifee west of Briggs Road, south of Old Newport Road and north of Tres Lagos Road. Improvement Area A contains approximately 74.54 gross acres and approximately 42.94 taxable acres, and is planned for a total of 252 single family detached homes at buildout. The development in Improvement Area A is part of a master planned community called "The Lakes," which is being marketed in two product lines known as "Camellia" and "Mariposa." The Camellia and Mariposa product lines include 142 and 110 of the 252 total units planned for Improvement Area A, respectively. Lennar Homes acquired the property within Improvement Area A on December 9, 2013. All of the property within Improvement Area A is within final Tract Map No. 30422-3. As of January 1, 2019, 232 of the 252 planned homes within Improvement Area A had been completed and conveyed to individual homeowners.

All 142 planned homes within the Camellia product line have been completed and conveyed to individual homeowners. The first homes closings within the Camellia product line occurred in June 2015 and the final closing occurred in April of 2018. The home sizes within the Camellia product line ranged from approximately 2,077 square feet to approximately 2,785 square feet and base sales prices ranged from approximately 395,990 to approximately \$415,990.

As of January 1, 2019, 90 of the 110 homes planned within the Mariposa product line had been completed and conveyed to individual homeowners. There are three floor plans for the Mariposa product line, ranging in size from approximately 1,769 square feet to approximately 2,129 square feet and base sales prices have ranged from approximately \$381,310 to approximately \$421,310. The first homes within the Mariposa product line were completed and conveyed to individual homeowners in May 2017. As of January 1, 2019, Lennar Homes owned 2 completed model homes and 18 production units under construction. As of such date, of the 20 remaining homes to be built and conveyed by Lennar Homes within Improvement Area A, 4 were in escrow. Lennar expects to complete and convey all remaining homes within Improvement Area A to individual homeowners by the third quarter of 2019.

All infrastructure improvements (other than those improvements constructed in connection with home construction) necessary to build-out the homes in Improvement Area A have been constructed.

Lennar Homes Financing Plan

To date, Lennar Homes has financed its land acquisition and various site development costs related to its property in Improvement Area A through internally generated funds and lot sales revenues. Lennar Homes estimates that as of January 1, 2019, the remaining costs to complete its homebuilding, marketing and sales activities within Improvement Area A to be approximately \$2,800,000. Lennar Homes expects to use home sales revenues, internal funding to complete its development in Improvement Area A. Lennar Homes believes that it will have sufficient funds available to complete its planned development in Improvement Area A in accordance with the development schedule described in this Official Statement.

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

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Lennar Homes within Improvement Area A and other financing by Lennar Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Lennar Homes in Improvement Area A.

History of Property Tax Payments; Loan Defaults; Litigation

Lennar Homes has executed a certificate in connection with the issuance of the 2019 Bonds (the “Developer Certificate”) in which the authorized representative signing the Developer Certificate (herein, the “Signatory”) made the following representations to the Community Facilities District with respect to Lennar Homes and the Property (as defined below) within Improvement Area A:

1. To the Actual Knowledge of Lennar Homes, neither Lennar Homes nor any of its Relevant Entities is currently in material default on any loans, lines of credit, agreements, or other contractual or financial obligations, or in breach of any applicable law, regulation, judgment or decree, and no event has occurred and is continuing that would constitute such a default or breach, the result of which could materially adversely affect the ability of Lennar Homes (i) to acquire, own, develop and sell the Property as described in this Official Statement, (ii) to pay special taxes on the Property (to the extent the responsibility of Lennar Homes) prior to delinquency, or (iii) to carry on its business as described in this Official Statement.

2. Except as set forth in this Official Statement, to the Actual Knowledge of Lennar Homes, there is no litigation, inquiry, investigation or administrative proceeding of any nature pending against Lennar Homes (with service of process to Lennar Homes having been accomplished), or to the Actual Knowledge of Lennar Homes, overtly threatened in writing against Lennar Homes, or to the Actual Knowledge of Lennar Homes, pending or overtly threatened in writing against any Relevant Entity of Lennar Homes, in each case which, if successful, could (i) materially adversely affect the ability of Lennar Homes to acquire, own, develop and sell the Property, as described in this Official Statement, (ii) materially adversely affect the ability of Lennar Homes to pay special taxes on the Property (to the extent the responsibility of Lennar Homes) prior to delinquency, (iii) materially adversely affect the ability of Lennar Homes to carry on its business as described in this Official Statement, (iv) challenge, question the validity or enforceability of, or restrain or enjoin the performance of, the Special Taxes, the 2019 Bonds, the Community Facilities District Resolution of Issuance, the Indenture or the Bond Purchase Agreement, or (v) restrain or enjoin collection of Special Taxes or other sums to be pledged to pay the principal of and interest on the 2019 Bonds.

3. Lennar Homes has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that Lennar Homes has been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, except as disclosed in this Official Statement, to the Actual Knowledge of Lennar Homes, neither Lennar Homes nor any of its Relevant Entities is currently in default in, or, in the last five years, has ever defaulted to any material extent in, the payment of special taxes or assessments in connection with the Community Facilities District or any other community facilities districts or assessment districts in California that was not cured prior to the institution of any enforcement action with a court of law.

4. Except as disclosed in this Official Statement, (i) to the Actual Knowledge of Lennar Homes, Lennar Homes and its Relevant Entities, are solvent; (ii) except as set forth in this paragraph, neither Lennar Homes nor, to the Actual Knowledge of Lennar Homes, any of its Relevant Entities, has filed for bankruptcy or been declared bankrupt in the last 10 years; provided, that Lennar Mare Island, LLC, an affiliate of Lennar Homes, was one of the twenty-two debtors in the June 2008 Landsource bankruptcy case, which has subsequently been discharged; and (iii) to the Actual Knowledge of Lennar Homes, there are no proceedings pending (with service of process to Lennar Homes having been accomplished) or overtly threatened in writing in which Lennar Homes or any of its Relevant Entities may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from any or all of its respective debts or obligations, be granted an

extension of time to pay its respective debts or obligations, or be granted a reorganization or readjustment of its respective debts or obligations.

As used in the above representations of Lennar Homes, the following defined terms and phrases have the following meanings:

“Actual Knowledge of Lennar Homes” means the knowledge that the Signatory of Lennar Homes Certificate currently has as of the date thereof or has obtained through (i) interviews with such officers and responsible employees of Lennar Homes as the Signatory reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in Lennar Homes Certificate, and (ii) reviews of documents reasonably available to the Signatory and which the Signatory reasonably deemed necessary for the Signatory to execute Lennar Homes Certificate. The Signatory did not conduct any extraordinary inspection or inquiry other than such inspections or inquiries as were prudent and customary in connection with the ordinary course of Lennar Homes’ current business and operations. The Signatory did not contact any individuals who are no longer employed by, or associated with, Lennar Homes. Lennar Homes further notes that Lennar Corporation completed a merger with CalAtlantic Group, Inc., a Delaware corporation (“CalAtlantic”) in February, 2018, pursuant to which CalAtlantic merged with and into a subsidiary of Lennar Corporation, with the subsidiary of Lennar Corporation being the surviving entity. Separate and apart from Lennar Corporation’s due diligence efforts for purposes of completing the acquisition of CalAtlantic, for purposes of the Developer Certificate, individuals who were employees and officers of CalAtlantic and its subsidiaries prior to the merger have not been consulted or contacted and documents entered into by CalAtlantic and its subsidiaries or related to their properties and projects have not been reviewed.

“Relevant Entity” of Lennar Homes means any person presently directly or indirectly through one or more intermediaries controlling, controlled by or under common control with Lennar Homes, and about whom information could be material to potential investors in their investment decision regarding the 2019 Bonds (including without limitation information relevant to the proposed developments of the property in Improvement Area A, or to Lennar Homes’ ability to pay the special taxes levied by the Community Facilities District prior to delinquency) . Due to the merger, and for purposes of the Developer Certificate, the term “Relevant Entity” shall exclude CalAtlantic and its direct and indirect subsidiaries.

“Property” means, with respect to the Developer Certificate, that portion of the taxable property within Improvement Area A that is owned by Lennar Homes as of the date of the Developer Certificate.

SPECIAL RISK FACTORS

The 2019 Bonds have not been rated by a rating agency, and the purchase of the 2019 Bonds involves significant risks that are not appropriate for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2019 Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2019 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area A to pay Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the Community Facilities District to make full and punctual payments of debt service on the 2019 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area A. See “— Reductions in Property Values” below.

Risks of Real Estate Secured Investments Generally

The 2019 Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the

market value of real property in the vicinity of Improvement Area A, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

No assurance can be given that the individual property owners within Improvement Area A will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “— Enforcement Delays – Bankruptcy” for a discussion of certain limitations on the Community Facilities District’s ability to pursue judicial proceedings with respect to delinquent parcels within Improvement Area A.

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code (as defined below). For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within Improvement Area A. However, neither the Water District nor the Community Facilities District can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in Improvement Area A or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Insufficiency of Special Tax Revenues

As discussed below, the Special Taxes from Improvement Area A may not produce revenues sufficient to pay the debt service on the 2019 Bonds either due to nonpayment of the amounts levied or because acreage within Improvement Area A becomes exempt from taxation due to the transfer of title to a public agency.

In order to pay debt service on the 2019 Bonds, it is generally necessary that the Special Taxes on property in Improvement Area A be paid in a timely manner. Should the Special Taxes not be paid on time, the Indenture has established a Reserve Account in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SECURITY FOR THE 2019 BONDS — Reserve Account.” The Community Facilities District has covenanted in the Indenture to maintain in the Reserve Account an amount equal to the Reserve Requirement, subject, however, to the availability of Net Special Taxes in amounts sufficient to do so and to the limitation that the Community Facilities District may not levy the Special Tax in Improvement Area A in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method of Apportionment. As a result, if a significant number of delinquencies occur within Improvement Area A, the Community Facilities District could be unable to replenish the Reserve Account to the Reserve Requirement due to the limitations on the amount of the Special Tax that may be levied. If such defaults were to continue in successive years, the Reserve could be depleted and a default on the 2019 Bonds could occur.

The Act provides that, if any property within Improvement Area A not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts, but it is doubtful that they would be upheld as to,

for example, property owned by the federal government. If for any reason property within Improvement Area A becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within Improvement Area A. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within Improvement Area A became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2019 Bonds when due and a default will occur with respect to the payment of such principal and interest.

The Community Facilities District has covenanted that, under certain circumstances, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the 2019 Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See “SECURITY FOR THE 2019 BONDS — Covenant for Superior Court Foreclosure” for provisions which apply in the event of such foreclosure and which the Community Facilities District is required to follow in the event of delinquencies in the payment of the Special Tax within Improvement Area A.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the 2019 Bonds (if the Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the Water District on behalf of the Community Facilities District of the proceeds of sale. The Community Facilities District may adjust the future Special Tax levied on taxable parcels in Improvement Area A, subject to limitations described above under the caption “IMPROVEMENT AREA A — Rate and Method of Apportionment,” to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in Improvement Area A will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “— Enforcement Delays – Bankruptcy.”

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the Water District to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Indenture do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds is obtained. The Indenture provides that the Water District may waive delinquency penalties and redemption penalties if it determines that (i) the waivers shall apply only to parcels delinquent at the time of the determination, (ii) the waivers shall only be available with respect to parcels for which all past due and currently due Special Taxes and all other costs are paid in full within a limited period of time specified in the determination, (iii) the waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency, and (iv) the waivers are in the best interest of the Owners.

Prior to July 1, 1983, the right of redemption from foreclosure sales was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from such foreclosure sales has been repealed. However, a period of 20 days must elapse after the date on which the notice of levy of the interest in real property was served on the judgment debtor before the sale of such lot or parcel can be made. Furthermore, if the purchaser at the sale is the judgment creditor (e.g., the Community Facilities District), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation, which repeals the

one year redemption period, has not been tested and there can be no assurance that, if tested, such legislation will be upheld. (Section 701.680 of the Code of Civil Procedure of the State.)

Failure to Develop Properties

Development of property within Improvement Area A may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of Lennar Homes or any property owner to pay the Special Taxes when due. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development within Improvement Area A is also subject to the availability of water. Finally, development of land is subject to economic considerations.

No assurances can be made that Lennar Homes will complete the development within Improvement Area A as described in this Official Statement. For purposes of evaluating the investment quality of the 2019 Bonds, prospective purchasers should consider the possibility that such parcels within Improvement Area A will remain in a finished lot condition.

There can be no assurance that land development operations within Improvement Area A will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the 2019 Bonds when due.

Geologic, Topographic and Climatic Conditions

The market value of the property within Improvement Area A can be adversely affected by a variety of factors which may affect public and private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements) and climatic conditions (such as droughts, fire hazard and floods).

With respect to geologic conditions, building codes require that some of these factors be taken into account in the design of private improvements of the parcels, and the County has adopted the Uniform Building Code standards with regard to seismic standards. Design criteria are established upon the basis of a variety of considerations and may change, leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of establishment between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Consequently, neither the absence of nor the establishment of design criteria with respect to any particular condition means that the applicable governmental agency has evaluated the condition and has established design criteria in the situations in which such criteria are needed to preserve value, or has established such criteria at levels that will preserve value. To the contrary, the Community Facilities District expects that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, 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 actual value of the parcels may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred recently damaged or destroyed property in areas that were not previously considered to be at risk from such events. The Community Facilities District is located within approximately one mile away from certain open space terrain which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. The Community Facilities District also experiences high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires. There is a risk of homes within Improvement Area A being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Community Facilities District. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

Hazardous Substances

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

Lennar Homes represents that it is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located on Lennar Homes’ property within Improvement Area A. However, it is possible that such materials do currently exist and that Lennar Homes is not aware of them.

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

Enforcement Delays – Bankruptcy

In the event of a delinquency in the payment of the Special Taxes, the Community Facilities District is required to commence enforcement proceedings under the circumstances described under the heading “SECURITY FOR THE 2019 BONDS — Covenant for Superior Court Foreclosure.” However, prosecution of such proceedings could be delayed due to crowded local court calendars or by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a person or entity with an interest in the applicable property could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the 2019 Bonds. The various legal opinions to be delivered in connection with the issuance of the 2019 Bonds, including Bond

Counsel's approving legal opinion, are qualified as to the enforceability of the 2019 Bonds and the Indenture by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Community Facilities District.

FDIC/Federal Government Interests in Parcels

The ability of the Community Facilities District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the "FDIC"), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the Community Facilities District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than ad valorem taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-ad valorem taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution "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." In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including 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 Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within Improvement Area A becoming owned by the federal government, federal government entities or federal government sponsored entities, see “— Insufficiency of Special Tax Revenues.”

The Community Facilities District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Direct and Overlapping Indebtedness

The ability of an owner of property within Improvement Area A to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See “IMPROVEMENT AREA A — Direct and Overlapping Debt” herein. The Water District and other public agencies whose boundaries overlap those of Improvement Area A could impose additional taxes or assessment liens on the property within Improvement Area A in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within Improvement Area A through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within Improvement Area A.

The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of property owners to pay the Special Taxes and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Reductions in Property Values

The value of the land within Improvement Area A is an important factor in determining the investment quality of its 2019 Bonds. If a property owner is delinquent in the payment of Special Taxes, the Community Facilities District's only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, wildfires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See “IMPROVEMENT AREA A — Value-to-Lien Ratios” for a discussion of the assessed value within Improvement Area A.

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

An owner of a taxable parcel is not personally obligated to pay Special Taxes. Rather, Special Taxes are an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully Special Taxes, the Community Facilities District has no recourse against the property owner.

No Acceleration Provision

The 2019 Bonds do not contain a provision allowing for the acceleration of the 2019 Bonds in the event of a payment default or other default under the terms of the 2019 Bonds or the Indenture.

Ballot Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process. From time to time,

other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the Water District, or other local agencies to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of the vacant land within Improvement Area A.

Proposition 218

An initiative measure entitled “The Right to Vote on Taxes Act” (“Proposition 218”) was approved by the voters at the November 5, 1996 statewide general election. Among other things, Proposition 218 added a new Article XIII C to the California Constitution which states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. While the application of Proposition 218 in this context has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely that Proposition 218 has conferred on the voters the power to effect a repeal or reduction of the Special Tax if the result thereof would be to impair the security of the 2019 Bonds.

It may be possible, however, for voters or the Board, acting as the legislative body of the Community Facilities District, to reduce the Special Taxes in Improvement Area A in a manner which does not interfere with the timely repayment of the 2019 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2019 Bonds. Nevertheless, to the maximum extent that the law permits it to do so, the Community Facilities District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for Improvement Area A, unless, in connection therewith, (i) the Community Facilities District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in Improvement Area A as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment then in effect) in Improvement Area A in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds of Improvement Area A to remain Outstanding after the reduction is approved, (ii) the Community Facilities District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the Community Facilities District is not delinquent in the payment of the principal or interest on the Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses of the Community Facilities District for the current Fiscal Year and escalate that amount by 2% in each subsequent Fiscal Year. The Community Facilities District also has covenanted that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rate and Method of Apportionment, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (the “City”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The elections held in Improvement Area A had no registered voters at the time of the elections to authorize the Special Tax for Improvement Area A. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax elections in Improvement Area A. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in Improvement Area A approved the Special Tax and the issuance of bonds on April 1, 2015. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Method of Apportionment may now be brought.

The interpretation and application of the Initiative 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.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the 2019 Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the 2019 Bonds were issued, as a result of future acts or omissions of the Community Facilities District. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the 2019 Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the 2019 Bonds.

No Ratings – Limited Secondary Market

The Community Facilities District has not applied to have the 2019 Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the 2019 Bonds or, if a secondary market exists, that such 2019 Bonds can be sold for any particular price. Although the Community Facilities District has committed to provide certain financial and operating information, there can be no assurance that such information will be available to 2019 Bond owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the 2019 Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

Remedies available to the Owners of the 2019 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2019 Bonds or to preserve the tax-exempt status of interest on the 2019 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2019 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Potential Early Redemption of Bonds from Prepayments or Assessment Bond Proceeds

Property owners within Improvement Area A, including Lennar Homes and any individual property owner, are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of 2019 Bonds, if any, that were purchased at a price greater than par could reduce the otherwise expected yield on such 2019 Bonds. See the caption "THE 2019 BONDS—Redemption— *Special Mandatory Redemption from Prepayments.*"

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2019 Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2019 Bond (the first price at which a substantial amount of the 2019 Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2019 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2019 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the 2019 Bond Owner will increase the 2019 Bond Owner's basis in the 2019 Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the 2019 Bonds is based upon certain representations of fact and certifications made by the Community Facilities District, the Water District and others and is subject to the condition that the Community Facilities District 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 2019 Bonds to assure that interest (and original issue discount) on the 2019 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of

issuance of the 2019 Bonds. The Community Facilities District and the Water District have covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange of a 2019 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2019 Bond premium, which must be amortized under Section 171 of the Code; such amortizable 2019 Bond premium reduces the 2019 Bond Owner's basis in the 2019 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2019 Bond premium may result in a 2019 Bond Owner realizing a taxable gain when a 2019 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2019 Bond to the Owner. Purchasers of the 2019 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2019 Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2019 Bonds might be affected as a result of such an audit of the 2019 Bonds (or by an audit of other similar bonds). No assurance can be given that, in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2019 Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2019 Bonds or their market value.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the Closing Date. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2019 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2019 Bonds for federal income tax purposes with respect to any 2019 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

SUBSEQUENT TO THE ISSUANCE OF THE 2019 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2019 BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2019 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2019 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2019 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2019 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2019 BONDS.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2019 Bonds is excluded from gross income for federal income tax purposes provided that the Community Facilities District and the Water District continue to comply with certain requirements of the Code, the ownership of the 2019 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2019 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2019 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2019 Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

ABSENCE OF LITIGATION

In connection with the issuance of the 2019 Bonds, the Water District's General Counsel will deliver a certificate to the effect that, to his actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the Community Facilities District, which would adversely impact the Community Facilities District's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the 2019 Bonds, the Indenture, the Special Taxes, or the transaction described herein.

ABSENCE OF RATINGS

The Community Facilities District has not made, and does not contemplate making, application to any rating organization for a rating on the 2019 Bonds.

UNDERWRITING

The 2019 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the 2019 Bonds at a price of \$ _____ (\$ _____ principal amount, [plus/less] [net] original issue [premium/discount] of \$ _____ and less an Underwriter's discount of \$ _____). The Bond Purchase Agreement relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation with respect to the 2019 Bonds is contingent upon the successful issuance of the 2019 Bonds.

The Underwriter may offer and sell 2019 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside front cover page hereof. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The Community Facilities District will execute a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of the Owners and Beneficial Owners of the 2019 Bonds to provide certain financial information and operating data relating to the Community Facilities District (the "Annual Report") and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Report will be filed by the Community Facilities District as the initial Dissemination Agent (the "Dissemination Agent") with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board ("EMMA"). Notices of Listed Events will be filed by the Dissemination Agent with EMMA. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix E — "FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE." The Continuing Disclosure Certificate will be executed and delivered by the Community Facilities District in order to assist the Underwriter in the marketing of the 2019 Bonds. The Annual Reports are to be filed by the Community Facilities District no later than eight months after the end of the Community Facilities District's fiscal year, which is currently June 30. The first Annual Report will be due March 1, 2020.

The Community Facilities District (not the Water District) is obligated to comply with the Continuing Disclosure Certificate. However, the Board of Directors of the Water District is the legislative body of the Community Facilities District and the Water District's other community facilities districts and the Community

Facilities District and the Water District's other community facilities districts have no employees or staff independent of the Water District.

The Water District and the Community Facilities District believe that they are currently in material compliance with all of its continuing disclosure undertakings. However, during the last five years:

(1) Of the approximately 51 outstanding debt issuances of community facilities districts created by the Water District (the "CFD Bonds"), three reports for Fiscal Year 2013 were filed after the dates required for such filings. Although the Water District is not the "obligated person" for purposes of SEC Rule 15c2-12(b)(5) (the "Rule") with respect to the CFD Bonds, the Water District staff is responsible for preparing the annual reports for the CFD Bonds.

(2) The Annual Report for Fiscal Year 2013 for the Water District's outstanding water and sewer system obligations (the "Obligations") was filed between 2 and 4 days after the date required for such filing, but on or prior to December 31 of the applicable calendar year.

(3) The Annual Reports for Fiscal Years 2013 and 2015 for the Western Riverside Water and Wastewater Financing Authority Revenue Bonds, Series 2005A and Series 2009A (which are general obligations of the Water District) were filed after the dates required for such filings, in each case after December 31 of the applicable calendar year.

(4) In the last five Fiscal Years, the Water District did not timely file all significant event notices of changes in the ratings of certain Obligations resulting from changes in ratings to the bond insurers which insured such obligations, changes in the short-term ratings of providers of liquidity facilities for certain Obligations and upgrades in the underlying ratings for certain Obligations.

On April 30, 2014, the Water District's Board of Directors adopted continuing disclosure policies and procedures and Water District staff have undergone training to ensure compliance with continuing disclosure undertakings in the future.

It should be noted that the Community Facilities District is required to file certain financial statements with the Annual Reports. The inclusion of this information does not mean that the 2019 Bonds are secured by any resources or property other than as described hereinabove. See "LIMITATION OF LIABILITY," "SECURITY FOR THE 2019 BONDS" and "SPECIAL RISK FACTORS." It should also be noted that the list of enumerated events which the Community Facilities District has agreed to report includes three items which have absolutely no application whatsoever to the 2019 Bonds. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit enhancements applicable to the 2019 Bonds, there are no credit or liquidity providers with respect to the 2019 Bonds, and the 2019 Bonds have not been assigned a rating.

CERTAIN LEGAL MATTERS

Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the 2019 Bonds. A copy of the form of such approving opinion is attached hereto as Appendix B. Copies of such approving opinion will accompany each 2019 Bond. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the 2019 Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the Water District by the Water District's General Counsel, and for Lennar Homes by its counsel Holland & Knight LLP, San Francisco, California.

In addition to serving as Bond Counsel in connection with the issuance and sale of the 2019 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, has served as Disclosure Counsel. Although it

is serving as Bond Counsel and Disclosure Counsel to the Water District in connection with the issuance and sale of the 2019 Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the 2019 Bonds.

Compensation for Bond Counsel, Disclosure Counsel, the Municipal Advisor, Underwriter's Counsel and the Underwriter is contingent upon the successful issuance and sale of the 2019 Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the 2019 Bonds.

The summaries of certain provisions of the 2019 Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the Water District.

The appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

The distribution of this Official Statement has been authorized by the Community Facilities District.

General Manager
Eastern Municipal Water District

APPENDIX A

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary is not intended to be definitive and is qualified in its entirety by reference to the Indenture for the complete terms thereof. Copies of the Indenture are available upon request from the Community Facilities District.

APPENDIX B

FORM OF APPROVING LEGAL OPINION

[Closing Date]

Honorable Board of Directors
Eastern Municipal Water District
Perris, California

Re: \$_____ Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District Improvement Area A 2019 Special Tax Bonds

Gentlemen:

We have examined the Constitution and laws of the State of California, a certified record of the proceedings of Eastern Municipal Water District (the "Water District") taken in connection with the formation of Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District (the "District") and the authorization and issuance of the District's Improvement Area A 2019 Special Tax Bonds in the aggregate principal amount of \$_____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Water District, the District, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), Resolution No. 2019-___ adopted by the Board of Directors of the Water District, acting in its capacity as the legislative body of the District, on February 20, 2019 (the "Resolution of Issuance") and a Trust Indenture, dated as of November 1, 2017 (the "Original Indenture"), as supplemented by that certain First Supplement to Trust Indenture, dated as of March 1, 2019 (the "First Supplement" and together with the Original Indenture, the "Indenture"), each by and between the District and U.S. Bank National Association, as the Fiscal Agent (the "Fiscal Agent"). All capitalized terms not defined herein shall have the meanings set forth in the Indenture.

The Bonds are dated as of the date of hereof and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on September 1, 2019 at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses. The Bonds are limited obligations of the District but are not a debt of the Water District, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special

Taxes, neither the faith and credit nor the taxing power of the District, the Water District, the County of Riverside, the State of California, or any other political subdivision is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any provisions therein relating to indemnification, contribution, penalty, waiver, choice of law or choice of forum provisions therein. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Special Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

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

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 3 above), and is exempt from State of California personal income tax.

The opinions expressed in paragraph (3) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the Water District and the District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Water District and the District have covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). The Indenture and the Tax Certificate executed by the District with respect to the Bonds as of the date hereof permit certain actions to be taken or omitted if a favorable opinion of Bond Counsel is provided with respect thereto. We express no opinion as to the effect on the exclusion from gross income of interest on the Bonds for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA A OF COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / 36437) OF EASTERN MUNICIPAL WATER DISTRICT

A Special Tax (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Parcel of Taxable Property located within the boundaries of Improvement Area A of Community Facilities District No. 2014-67 (Tr. 30422-3/Tr. 36437) of Eastern Municipal Water District (“CFD 2014-67”). The amount of Special Tax to be levied in each Fiscal Year, on a Parcel, shall be determined by the Board of Eastern Municipal Water District, acting in its capacity as the legislative body of the CFD by applying the applicable Special Tax for Developed Property, Approved Property, Undeveloped Property and Public Property and/or Property Owners’ Association Property that is not Exempt Property as set forth in Sections B, C, and D, below. All of the real property within Improvement Area A, unless exempted by law or by the provisions hereof in Section E, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acre or Acreage**” means the acreage of a Parcel as indicated on the most recent Assessor’s Parcel Map, or if the land area is not indicated on the Assessor’s Parcel Map, the land area indicated on the applicable Final Map, parcel map, condominium plan, or other similar instrument.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1 of Division 2 of Title 5 of the California Government Code of the State of California.

“**Administrative Expenses**” means all actual or reasonably estimated costs and expenses of the District that are chargeable or allocable to carry out its duties as the administrator of IA A as allowed by the Act, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, trustee fees, rebate compliance calculation fees, any litigation involving IA A, continuing disclosure undertakings of the District as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses.

“**Administrator**” means an official of the District, or designee thereof, responsible for, among other things, determining the annual amount of the levy and collection of the Special Taxes.

“**Approved Property**” means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a Building Permit on or prior to the April 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“**Assigned Special Tax**” means the Special Tax for the applicable Land Use Category of Developed Property within IA A, as determined in accordance with Section C.1.a., below.

“**Backup Special Tax**” means the Special Tax set forth in Section C.1.b., below.

“**Board**” means the Board of Directors of Eastern Municipal Water District.

“**Bonds**” means any bonds or other indebtedness (as defined in the Act), whether in one or more series, issued for IA A by the CFD and secured by the levy of Special Taxes.

“**Boundary Map**” means a recorded map of the CFD which indicates the boundaries of the CFD and the boundaries of IA A.

“**Building Permit**” means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the Administrator.

“**CFD**” means Community Facilities District No. 2014-67 (Tr. 30422-3/Tr. 36437) of the District established pursuant to the Act.

“**County**” means the County of Riverside.

“**Developed Property**” means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit for new construction has been issued on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“**District**” means Eastern Municipal Water District.

“**Dwelling Unit**” or “**(D/U)**” means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the Administrator.

“**Exempt Property**” means any Parcel which is exempt from Special Taxes pursuant to Section E below.

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

“**Fiscal Year**” means the 12 month period starting on July 1 of any calendar year and ending on the following June 30.

“**Improvement Area A**” or “**IA A**” means the property in the CFD designated as Improvement Area A on the Boundary Map.

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

“**Land Use Category**” means any of the categories listed in Table 1.

“**Maximum Special Tax**” means for each Parcel of Taxable Property, the maximum Special Tax, determined in accordance with Section C, which can be levied in any Fiscal Year on such Parcel.

“Multifamily Residential Property” means all Parcels of Developed Property that consist of a building or buildings comprised of attached Dwelling Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the Administrator.

“Non-Residential Property” means all Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

“Parcel(s)” means a lot or parcel within IA A shown on an Assessor’s Parcel Map with an assigned Assessor’s parcel number valid as of July 1st for the Fiscal Year for which the Special Tax is being levied.

“Property Owners’ Association Property” means all Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

“Proportionately” means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Approved Property, and (iii) Undeveloped Property, Public Property and Property Owners’ Association Property, that the ratio of the actual Special Tax levy per acre to the Maximum Special Tax per acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owners’ Association Property.

“Public Property” means all Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and are owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Residential Floor Area” means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on a Parcel. The determination of Residential Floor Area shall be made by reference to the original Building Permit issued for the Parcel or, if the Building Permit is not available by reference to a similar official document as selected by the Administrator.

“Residential Property” means all Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

“Single Family Property” means all Parcels of Residential Property, other than Multifamily Residential Property.

“Special Tax(es)” means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.

“Special Tax Requirement” means that amount required in any Fiscal Year: (i) to pay annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) to pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) to pay Administrative Expenses; (iv) to pay for any anticipated delinquencies based on Special Tax delinquencies in the prior Fiscal Year; (v) to establish or replenish any reserve funds for the outstanding Bonds or with respect to Bonds expected to be issued; (vi) until the final series of Bonds are issued as determined by the Board, to pay directly for acquisition or construction of the facilities eligible under the Act, provided that the inclusion of such amount does

not increase the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Step 2 or Step 3 of Section D below; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture all as determined by the Administrator.

“**Taxable Property**” means all Parcels for which the Special Taxes have not been prepaid in full pursuant to Section H or that are not exempt from the Special Tax pursuant to law or Section E.

“**Taxable Unit**” means either a Dwelling Unit or an Acre, as shown in Table 1.

“**Undeveloped Property**” means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Public Property or Property Owners’ Association Property.

B. ASSIGNMENT TO LAND USE CATEGORY

Each Fiscal Year, commencing with the 2015-2016 Fiscal Year, all Parcels of Taxable Property shall be classified as Developed Property, Approved Property, Undeveloped Property, Public Property or Property Owners’ Association Property, and subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D.

Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall further be classified as Single Family Property or Multifamily Residential Property. Parcels of Single Family Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

The Maximum Special Tax for each Parcel of Single Family Property shall be the greater of: (i) the applicable Assigned Special Tax described in Table 1 or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Non-Residential Property or Multifamily Residential Property shall be the Assigned Special Tax described in Table 1.

a. Assigned Special Tax

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

TABLE 1
Assigned Special Taxes for Developed Property

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax per Taxable Unit
1. Single Family Property	D/U	2,100 sq. ft. or less	\$1,154
2. Single Family Property	D/U	2,101 sq. ft. to 2,300 sq. ft.	\$1,191
3. Single Family Property	D/U	2,301 sq. ft. to 2,500 sq. ft.	\$1,229
4. Single Family Property	D/U	2,501 sq. ft. to 2,700 sq. ft.	\$1,246
5. Single Family Property	D/U	2,701 sq. ft. to 2,900 sq. ft.	\$1,263
6. Single Family Property	D/U	2,901 sq. ft. to 3,100 sq. ft.	\$1,280
7. Single Family Property	D/U	3,101 sq. ft. or greater	\$1,314
8. Multifamily Residential Property	Acre	N/A	\$7,803
9. Non Residential Property	Acre	N/A	\$7,803

b. Backup Special Tax

When a Final Map is recorded, the Backup Special Tax for a Parcel classified or to be classified as Single Family Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Multifamily Residential Property, Public Property and Property Owners' Association Property that is not Exempt Property pursuant to Section E and dividing such amount by the total number of Parcels within such Final Map classified as either (i) Single Family Property or (ii) Approved Property for which a Building Permit is expected to be issued for Single Family Property (i.e., the number of single family residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, and Property Owners' Association Property.

2. Approved Property

The Maximum Special Tax for each Parcel of Approved Property expected to be classified as Single Family Property shall be the Backup Special Tax computed pursuant to Section C.1.b above.

The Maximum Special Tax for each Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property is shown in Table 2 below.

TABLE 2
Approved Property Maximum Special Tax

**Maximum Special Tax
per Acre
\$7,803**

3. Undeveloped Property

The Maximum Special Tax for each Parcel of Undeveloped Property is shown in Table 3 below.

TABLE 3
Undeveloped Property Maximum Special Tax

**Maximum Special Tax
per Acre**

\$7,803

4. Public Property and Property Owners' Association Property that is not Exempt Property pursuant to the provisions of Section E.

The Maximum Special Tax for each Parcel of Public Property and/or Property Owners' Association Property that is not Exempt Property shall be equal to the product of the Undeveloped Property Maximum Special Tax rate per Acre in Table 3 multiplied by the Acreage of such Parcel.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2015-2016 and for each following Fiscal Year, the Board shall levy the Special Tax on all Taxable Property until the amount of Special Taxes equals the applicable Special Tax Requirement in accordance with the following steps:

First: The Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rate as needed to satisfy the Special Tax Requirement;

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

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Parcel of Developed Property for which the Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for such Parcel;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property that is Public Property or Property Owners' Association Property at up to 100% of the Maximum Special Tax for such Parcel.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

E. EXEMPTIONS

The Administrator shall classify as Exempt Property all Parcels of (i) Public Property or (ii) Property Owners' Association Property; provided that such classification shall not reduce the Acreage of all Taxable Property within the CFD to less than 39.72 Acres. The Administrator shall not classify a Parcel of Public Property or Property Owners' Association Property as Exempt Property if such

classification would reduce the Acreage of all Parcels of Taxable Property to less than 39.72 Acres. Such Parcels that cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property to less than 39.72 Acres will be classified as Property Owners' Association Property or Public Property, and will continue to be subject to Special Taxes. The Administrator shall classify such Parcels as Exempt Property in the chronological order in which property becomes Public Property or Property Owners' Association Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA A, and provided further that the CFD may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

Any taxpayer may file a written appeal of the Special Tax on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The Administrator shall review the appeal, meet with the appellant if the Administrator deems necessary, and advise the appellant of its determination. If the Administrator agrees with the appellant, the Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Parcel(s). No refunds of previously paid Special Taxes shall be made.

The Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Tax and any taxpayer who appeals, as herein specified.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

“**CFD Public Facilities**” means \$4,000,000, expressed in 2015 dollars, which shall increase by the Construction Inflation Index on July 1, 2015, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of IA A, or (ii) shall be determined by the Board concurrently with a covenant that the CFD will not issue any more Bonds for IA A.

“**Construction Fund**” means, collectively, an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act and any account established prior to the issuance of Bonds for such purpose.

“**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. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“**Future Facilities Costs**” means the CFD Public Facilities minus (i) Bond proceeds deposited in Construction Funds and accounts and (ii) other amounts (special taxes, interest earnings, etc.) allocated to Construction Funds and accounts that were available to fund such CFD Public Facilities prior to the date of prepayment.

“**Outstanding Bonds**” means all previously issued Bonds, which will remain outstanding after the payment of principal from the amount of Special Taxes that have been levied, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Special Taxes.

1. Prepayment in Full

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Parcels of Developed Property, (ii) Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Parcels of Approved Property or Undeveloped Property for which a Building Permit has not been issued, and (iv) Parcels of Public Property or Property Owners’ Association Property that are not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to a Parcel may be fully prepaid and the obligation to pay the Special Tax for such Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Maximum Special Tax obligation for such Parcel shall provide the Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Parcel. Within 15 days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For a Parcel of Developed Property, compute the Maximum Special Tax for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owners’ Association Property to be prepaid, compute the Maximum Special Tax for the Parcel.

3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total estimated amount of Special Taxes that could be levied at build out of all Parcels of Taxable Property based on the applicable Maximum Special Tax for Parcels of Developed Property not including any Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Parcel (the “Future Facilities Amount”).
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the “Defeasance Amount”).
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the “Administrative Fees and Expenses”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the

Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

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

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on all Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

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

2. Prepayment in Part

The Maximum Special Tax obligation for a Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section H.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP = Partial Prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax obligation

A = the Administrative Fees and Expenses determined pursuant to Section H.1

The owner of a Parcel who desires to partially prepay the Maximum Special Tax obligation for the Parcel shall notify the Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the amount of the Partial Prepayment for the Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Parcel for which the Maximum Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 15 of Section H.1,

and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of the Special Tax obligation will continue to be levied on the Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

For each year that any Bonds are outstanding the Special Tax shall be levied on all Parcels of Taxable Property in accordance with this Rate and Method of Apportionment. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse the CFD for uncollected Special Taxes and costs associated with the levy of such Special Taxes, but the Special Tax shall not be levied after the 2054-2055 Fiscal Year.

APPENDIX D

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Community Facilities District believes to be reliable, but the Community Facilities District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2019 Bonds, payment of principal, premium, if any, accreted value and interest on the 2019 Bonds to DTC Direct Participants, Indirect Participants or Beneficial Owners (as defined below), confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Direct Participants, Indirect Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond will be issued for each annual maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name

of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Community Facilities District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities District or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the Community Facilities District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Community Facilities District or the Fiscal 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.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Community Facilities District or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The Community Facilities District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

APPENDIX E

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated as of March __, 2019, is executed and delivered by Community Facilities District No. 2014-67 (TR. 30422-3/TR. 36437) of Eastern Municipal Water District (the “Issuer”) in connection with the issuance by the Issuer of its Improvement Area A 2019 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to a Resolution of Issuance adopted by the Board of Directors of the Issuer on February 20, 2019 and a Trust Indenture, dated as of November 1, 2017, as amended and supplemented by a First Supplement to Trust Indenture, dated as of March 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank National Association, as Fiscal Agent.

The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered, for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Rate and Method of Apportionment, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“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 a person holding Bonds through a nominee, depository or other intermediary), or (b) is treated as the owner of any Bond for federal income purposes.

“Disclosure Representative” shall mean the General Manager, any Deputy General Manager or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designed in writing by the Issuer.

“EMMA” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

“Improvement Area A” shall mean the property within the boundaries of Improvement Area A of the Issuer, as established pursuant to the Resolution of Formation.

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

“Official Statement” shall mean the Issuer’s official statement with respect to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax for Improvement Area A approved pursuant to the Resolution of Formation, as amended in accordance with the Act and the Indenture.

“Resolution of Formation” means the Resolution adopted by the Board of Directors of Eastern Municipal Water District on April 1, 2015, pursuant to which Eastern Municipal Water District formed the Issuer and designated Improvement Area A therein.

“Rule” shall mean 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.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) Not later than eight months after the end of the Issuer’s fiscal year (which currently ends on June 30), commencing with the fiscal year ending June 30, 2019, which is due not later than March 1, 2020, the Issuer shall, or shall cause the Dissemination Agent to, provide to EMMA and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the Issuer, then not later than 15 business days prior to the date referred to in the prior sentence hereof, the Issuer shall provide the Annual Report (in a form suitable for filing with EMMA) to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) In the event that the Dissemination Agent is an entity other than the Issuer, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is other than the Issuer and if the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in a timely manner, in the form required by EMMA.

(d) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended, if any audited financial statements of the Issuer are produced. The Issuer does not currently produce audited financial statements. If the audited financial statements are to be produced and are not available by the time the Annual Report is required to be filed, the Issuer shall, as soon as practicable after the audited financial statements become available, post the audited financial statements to EMMA. If audited financial statements of the Issuer are not prepared, no unaudited financial statements need be submitted.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture as of the September 2 preceding the filing of the Annual Report;

(iii) the assessed valuation of the Taxable Property within Improvement Area A;

(iv) any changes to the Rate and Method of Apportionment of the Special Tax approved or submitted to the qualified electors for approval prior to the filing of the Annual Report;

(v) a table setting forth the annual Special Tax delinquency rate within Improvement Area A at June 30 for each fiscal year on which a delinquency exists, listing for each fiscal year the total Special Tax levy, the amount delinquent and the percent delinquent;

(vi) the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes;

(vii) an update of the assessed value-to-lien ratio based on the outstanding principal amount of the Bonds and Parity Bonds and on the assessed values of property for the current fiscal year; and

(viii) the status of the construction of the public improvements to be acquired or constructed with proceeds of the Bonds and any changes in the types of public facilities to be constructed or acquired from those described in the Official Statement.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice to EMMA in a timely manner not more than ten (10) business days after the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
6. defeasances;
7. tender offers;
8. bankruptcy, insolvency, receivership or similar proceedings;
9. ratings changes; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(b) Additionally, the Issuer shall give, or cause the Dissemination Agent to give, notice to EMMA in a timely manner not more than ten (10) business days after the occurrence of any of the following events with respect to the Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
2. appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent;
3. non payment related defaults;
4. modifications to the rights of Bondholders;
5. bond calls;
6. release, substitution or sale of property securing repayment of the Bonds; and
7. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders.

(c) For purposes of the events identified in subparagraphs (a)(10) and (b)(7) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) In the event that the Issuer’s fiscal year changes, the Issuer shall report or shall instruct the Dissemination Agent to report such change in the same manner and to the same parties as Listed Event would be reported pursuant to this Section.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer, and the Dissemination Agent, if other than the Issuer, shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, and any provision of this Disclosure Certificate may be waived, if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) the undertakings in this Disclosure Certificate as so amended or waived would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (3) the amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners or (ii) does not, in the determination of the Issuer, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner 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 Issuer and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the Issuer is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent and 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 liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent shall be paid (i) compensation by the Issuer for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer pursuant to this Disclosure Certificate. The obligations of the Issuer 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 Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds; and it shall create no rights in any other person or entity.

SECTION 13. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

This Disclosure Certificate is executed as of the date and year first set forth above.

COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR.
30422-3/TR. 36437) OF EASTERN MUNICIPAL WATER
DISTRICT

By: _____
Disclosure Representative