

PRELIMINARY OFFICIAL STATEMENT DATED APRIL ____, 2026**NEW ISSUE-FULL – BOOK ENTRY****NOT RATED**

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$5,870,000*
CITY OF MANTECA
COMMUNITY FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND SERVICES)
SPECIAL TAX BONDS SERIES 2026

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

Authority for Issuance. The above-captioned bonds (the "2026 Bonds") are being issued by the City of Manteca (the "City") by and through its City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services) (the "District"). The 2026 Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Mello-Roos Act"), and are issued pursuant to a Fiscal Agent Agreement, dated as of April 1, 2026 (the "Fiscal Agent Agreement") by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2026 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2026 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) levied on property within the District according to a rate and method of apportionment of special tax, including from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes (as defined herein), and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay such Special Tax even though financially able to do so.** To provide funds for payment of the 2026 Bonds and the interest thereon as a result of any delinquent installments, the City will establish a Reserve Fund from 2026 Bonds proceeds, as described herein. See "SECURITY FOR THE 2026 BONDS."

Property in the District subject to the Special Tax is comprised of land in the City of Manteca, San Joaquin County, California, developing into 173 single-family homes. Land development, home construction and sales activities are underway by K. Hovnanian Homes Northern California, Inc. ("K. Hovnanian"). As of April 1, 2026, homebuilding was underway and ____ homes had been conveyed to individual homeowners. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

Use of Proceeds. The 2026 Bonds are being issued to (i) finance the construction and acquisition of certain public facilities authorized for the District; (ii) make a deposit into the debt service reserve fund for the 2026 Bonds; (iii) pay capitalized interest on the 2026 Bonds through September 1, 2026; and (iv) pay the costs of issuance of the 2026 Bonds. See "FINANCING PLAN."

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

Redemption. The 2026 Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE 2026 BONDS – Redemption."

THE 2026 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AND CERTAIN OTHER FUNDS AND AMOUNTS HELD BY THE FISCAL AGENT UNDER THE FISCAL AGENT AGREEMENT. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "BOND OWNERS' RISKS," SHOULD BE READ IN ITS ENTIRETY.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of essential information about the 2026 Bonds. Potential investors should read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the 2026 Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2026 Bonds.

The 2026 Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to approval as to their legality by Jones Hall LLP, Bond Counsel, and subject to certain other conditions. Jones Hall LLP also serves as Disclosure Counsel to the City. Certain matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP. It is anticipated that the 2026 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about April ____, 2026*.

Ramirez & Co. Inc.

The date of this Official Statement is: _____, 2026.

* 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 be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$ _____ Serial Bonds
(Base CUSIP†: _____)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† ()
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\$ _____ % Term Bond due September 1, _____, Yield: _____%, Price: _____%;
CUSIP† _____

† Copyright 2026, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc., and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

**CITY OF MANTECA
(SAN JOAQUIN COUNTY, CALIFORNIA)**

City Council

Gary Singh, Mayor (At-Large)
Regina Lackey, Vice Mayor (District 2)
Charlie Halford, Councilmember (District 1)
David Breitenbucher, Councilmember (District 3)
Mike Morowit, Councilmember (District 4)

City Staff

Toni Lundgren, City Manager
Jose Jasso, Assistant City Manager
Matthew Boring, Finance Director
Andy Pinasco, Interim City Attorney
Cassandra Candini-Tilton, City Clerk

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall LLP
San Mateo, California

Municipal Advisor

Urban Futures, Inc.
Walnut Creek, California

Special Tax Consultant

NBS
San Francisco, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the 2026 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or the District or any other parties described in this Official Statement, or in the condition of property within the District or the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2026 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

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

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market price of the 2026 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2026 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2026 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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[Regional Location Map]

[CFD Aerial Overview/Location Map]

OFFICIAL STATEMENT

\$5,870,000*
CITY OF MANTECA
COMMUNITY FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND SERVICES)
SPECIAL TAX BONDS SERIES 2026

This Official Statement, including the cover page and all appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Manteca (the “**City**”) of the above-captioned bonds (the “**2026 Bonds**”), for and on behalf of the City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services) (the “**District**”).

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

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2026 Bonds to potential investors is made only by means of the entire Official Statement.

The District. In 2025, pursuant to proceedings conducted by the City under the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the “**Mello-Roos Act**”), the District was established, bonded indebtedness for the District was authorized to be issued in the amount of up to \$7,000,000 (the “**Authorization**”), and both a “Facilities Special Tax” and “Services Special Tax” were authorized to be levied on taxable property within the District in accordance with the Rate and Method of Apportionment of Special Tax for the District (the “**Special Tax Formula**”). Only the “Facilities Special Tax” is pledged to the repayment of the 2026 Bonds; the “Services Special Tax” will be levied on taxable property within the District to pay for City services, and is not pledged to the repayment of the 2026 Bonds. See APPENDIX A for a full copy of the Special Tax Formula.

The 2026 Bonds. The 2026 Bonds are issued pursuant to the provisions of the Mello-Roos Act, a Fiscal Agent Agreement, dated as of April 1, 2026 (the “**Fiscal Agent Agreement**”) between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”), and a resolution adopted on [April 7], 2026 by the City Council of the City, which authorized the issuance of the 2026 Bonds (the “**Resolution**”).

* Preliminary; subject to change.

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

Use of Proceeds. Proceeds of the 2026 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements necessary for development in the District (the “**Facilities**,” as described herein). The Facilities consist of public capital facilities, such as roadway, storm drain, water, sewer, and open space improvements associated with the project. Proceeds of the 2026 Bonds will also be used to make a deposit in the Reserve Fund (defined herein), pay capitalized interest on the 2026 Bonds through September 1, 2026, and pay the cost of issuance of the 2026 Bonds.

Security and Sources of Payment of the 2026 Bonds. The 2026 Bonds are secured by, and payable from, “**Special Tax Revenues**,” which are defined as the proceeds of the Facilities Special Taxes annually received by the City, including all scheduled payments and delinquent payments thereof, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, but not including any interest or penalties, less the Administrative Expense Priority (described herein). Special Taxes are eligible to be levied for both facilities and services. “**Special Taxes**” as used herein means the “Facilities Special Tax,” as defined in, and levied in accordance with, the Special Tax Formula. *The “Services Special Tax” levied on taxable property within the District pursuant to the Special Tax Formula will be used to pay for City services, and is not pledged to the repayment of the 2026 Bonds.*

The 2026 Bonds are also payable from amounts held in certain funds and accounts pursuant to the City, including the Reserve Fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the application of the Special Tax Formula, which is set forth in APPENDIX A hereto. The Special Taxes represent fixed liens on the parcels of land subject to a Special Tax in the District and failure to pay the Special Taxes could result in proceedings to foreclose title to the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels and no proceedings to collect directly from an owner is permitted. See “SECURITY FOR THE 2026 BONDS – Special Tax Formula” and “APPENDIX A – Rate and Method of Apportionment of Special Tax.”

Pursuant to the Mello-Roos Act, the Resolution of Formation (as defined herein), and the Fiscal Agent Agreement, so long as any 2026 Bonds are outstanding, the City will annually levy the Special Tax against all taxable land within the District in accordance with the proceedings for

the authorization and issuance of the 2026 Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the 2026 Bonds as such becomes due and payable and to replenish the Reserve Fund (as defined herein) as necessary. See “SECURITY FOR THE 2026 BONDS – Special Taxes” herein.

In connection with the issuance of the 2026 Bonds, the City will direct the Fiscal Agent to establish a “**Reserve Fund**” which will be funded in an amount equal to the Reserve Requirement (described herein) with respect to the 2026 Bonds. Amounts in the Reserve Fund are available for payment of the 2026 Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies. See “SECURITY FOR THE 2026 BONDS – Reserve Fund.” If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the 2026 Bonds, or supplement or replenish the Reserve Fund, from any monies other than Special Tax Revenues.

Property Subject to the Special Tax. Property in the District subject to the Special Tax is comprised of land in the City that is expected to be developed with 173 single-family homes. Home construction and sales activities are underway by K. Hovnanian Homes Northern California, Inc. (“**K. Hovnanian**”). K. Hovnanian is developing the 173 single-family lots within the District into two communities – “Rosewood at the Estates” and “Meridian at the Estates”. As part of a land banking option agreement between K. Hovnanian and Brookfield Holdings (Indelicato) LLC, a Delaware limited liability company (the “**Brookfield Landbank**”), Brookfield Landbank acquired the 173 lots from the original owner of the land within the District, and K. Hovnanian has the option – but not the obligation – to acquire lots over time from the Brookfield Landbank pursuant to a takedown schedule. As of February 11, 2026 (the date of value of the Appraisal), 38 lots were owned by K. Hovnanian, Brookfield Landbank owned 127 lots, four model homes were owned by HCA Model Fund 2016-9 West, LLC and leased back to K. Hovnanian, and 4 homes had been sold and closed to individual homeowners. As of April 1, 2026, K. Hovnanian has acquired a total of __ lots from the Brookfield Landbank and conveyed a total of ___ homes to individual homeowners. See “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” for additional details.

Value of Property. Property in the District is security for the Special Tax. The City ordered preparation of an appraisal report of the estimated value of the taxable land within the District as of a date of value of February 11, 2026 (the “**Appraisal**”) prepared by Integra Realty Resources, Sacramento, California (the “**Appraiser**”). The Appraiser indicated a value estimate of \$36,729,000 as of the date of value, subject to the conditions and qualifications set forth therein. The Appraisal is set forth in its entirety as APPENDIX C hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. In considering the estimates of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions that affected the estimates as to value, in addition to the assumption of completion of the Facilities expected to be funded with the proceeds of the 2026 Bonds. See “VALUE OF PROPERTY WITHIN THE DISTRICT.”

The estimated value of property in the District subject to the Special Tax lien is approximately 6.26* times the \$5,870,000* principal amount of the 2026 Bonds. This is an average, and individual parcels may have value-to-lien ratios that are substantially different and there was no levy for overlapping land-secured debt for Fiscal Year 2025-26 on any parcels in the District; the value to lien ratio will change as development progresses. In particular, taxable property within the District is also subject to the lien of special taxes levied by Manteca Unified School District Community Facilities District No. 2020-6 into which property in the District was recently annexed. See “VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios” and “– Priority of Lien and Overlapping Debt” for additional details.

Additional Bonds Only for Refunding Purposes. The 2026 Bonds represent the first series of special tax bonds issued pursuant to the Authorization; no additional series are contemplated, however parity bonds can be issued for refunding purposes. See “SECURITY FOR THE 2026 BONDS – Additional Bonds Only for Refunding.”

Risks of Investment. Investment in the 2026 Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2026 Bonds.

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2026 Bonds. The 2026 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the Special Tax Revenues and amounts in certain funds established under the Fiscal Agent Agreement as described herein. The 2026 Bonds are special limited obligations of the City, and neither the City Council, the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2026 Bonds other than from the Special Tax Revenues and amounts in certain funds established under the Fiscal Agent Agreement as described herein.

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

* Preliminary, subject to change.

FINANCING PLAN

The 2026 Bonds are being issued to (i) finance the construction and acquisition of certain public facilities authorized for the District (referred to herein as the Facilities); (ii) make a deposit into the Reserve Fund equal to the Reserve Requirement for the 2026 Bonds; (iii) pay capitalized interest on the 2026 Bonds through September 1, 2026; and (iv) pay the costs of issuance of the 2026 Bonds. A summary of the estimated sources and uses of funds associated with the sale of the 2026 Bonds follows:

Estimated Sources of Funds:

Principal Amount of the 2026 Bonds	\$
Plus/less: [Net] Original Issue Premium/Discount	_____
Total	\$

Estimated Uses of Funds:

Deposit to Improvement Fund	\$
Deposit to Reserve Fund ⁽¹⁾	
Deposit to Bond Fund ⁽²⁾	
Costs of Issuance ⁽³⁾	
Total	\$

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

THE 2026 BONDS

Authority for Issuance

The 2026 Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution adopted by the City Council on [April 7, 2026], and the Mello-Roos Act.

The Authorization for the District has been established at \$7,000,000. Under the provisions of the Mello-Roos Act, since there were fewer than 12 registered voters residing within the District at the time of formation, the qualified electors were the landowners within the District. In accordance with the Mello-Roos Act, the landowners within the District voted in favor of, among other things, incurring bonded indebtedness for the District up to the amount of the Authorization, and approving the annual levy of the “Facilities Special Tax” and “Services Special Tax” to be collected within the District pursuant to the Special Tax Formula.

The 2026 Bonds are the first series of bonds being issued by the City for the District; after issuance of the 2026 Bonds, additional bonds secured on parity with the 2026 Bonds may only be issued for refunding purposes.

Description of the 2026 Bonds

The 2026 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of 2026 Bonds will not receive physical certificates representing their interest in the 2026 Bonds. So long as the 2026 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the 2026 Bonds. Payments of the principal, premium, if any, and interest on the 2026 Bonds will be made directly to DTC, or its nominee, Cede & Co., by U.S. Bank Trust Company, National Association, as the fiscal agent, registrar and transfer agent (the “**Fiscal Agent**”) for the 2026 Bonds, so long as DTC or Cede & Co. is the registered owner of the 2026 Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC and the Book-Entry Only System.”

The 2026 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the inside cover page hereof. The principal of the 2026 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2026 Bonds.

Interest on the 2026 Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing September 1, 2026. Interest on the 2026 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the

“**Record Date**”), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2026 Bonds; provided that so long as any 2026 Bonds are in book-entry form, payments with respect to such 2026 Bonds shall be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX G – DTC and the Book-Entry Only System.”

Each 2026 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the dated date; provided, however, that if at the time of authentication of a 2026 Bonds, interest is in default thereon, such 2026 Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the 2026 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2026 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G - DTC and the Book-Entry Only System.”

Redemption*

Optional Redemption. The 2026 Bonds are subject to optional redemption from any source of available funds (other than prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 2033 at the following respective redemption prices (expressed as percentages of the principal amount of the 2026 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2033 through August 31, 234	103%
September 1, 2034 through August 31, 2035	102
September 1, 2035 through August 31, 2036	101
September 1, 2036 and any date thereafter	100

Mandatory Redemption from Prepayments. The 2026 Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities as shall be specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2026 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

§§ Preliminary; subject to change.

<u>Redemption Dates</u>	<u>Redemption Price</u>
Interest Payment Dates through and including March 1, 2034	103%
September 1, 2034 and March 1, 2035	102
September 1, 2035 and March 1, 2036	101
September 1, 2036 and any Interest Payment Date thereafter	100

See “BOND OWNERS’ RISKS – Potential Early Redemption of Bonds from Prepayments” for a discussion of the potential for the 2026 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity.

Mandatory Sinking Fund Redemption. The 2026 Bonds maturing September 1, 20__ and September 1, 20__ (the “**Term Bonds**”) are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

September 1, 20__ Term Bonds

Mandatory Redemption Date (<u>September 1</u>)	Sinking Fund Payment
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September 1, 20__ Term Bonds

Mandatory Redemption Date (<u>September 1</u>)	Sinking Fund Payment
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The amounts in the foregoing tables shall be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2026 Bonds.

In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2026 Bonds, upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but in no event may 2026 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2026 Bonds designated for

redemption, at their addresses appearing on the 2026 Bonds registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2026 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2026 Bonds are to be called for redemption, shall designate the CUSIP numbers and bond numbers of the 2026 Bonds to be redeemed by giving the individual CUSIP number and number of each 2026 Bonds to be redeemed or shall state that all 2026 Bonds between two stated numbers, both inclusive, are to be redeemed or that all of the 2026 Bonds of one or more maturities have been called for redemption, shall state as to any 2026 Bonds called in part the principal amount thereof to be redeemed, and shall require that such 2026 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2026 Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of 2026 Bonds. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2026 Bonds then called for redemption, and such cancellation shall not constitute an event of default.

Upon the payment of the redemption price of 2026 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2026 Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2026 Bonds of any maturity, the Fiscal Agent shall select the 2026 Bonds to be redeemed, from all 2026 Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate. Upon surrender of 2026 Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new 2026 Bonds or 2026 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2026 Bonds or 2026 Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2026 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2026 Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of 2026 Bonds

So long as the 2026 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2026 Bonds shall be made in accordance with DTC procedures. See APPENDIX G. Any 2026 Bonds may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2026 Bonds for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2026 Bonds or 2026 Bonds shall be surrendered for transfer or exchange, the City shall execute and the Fiscal Agent

shall authenticate and deliver a new 2026 Bonds or 2026 Bonds, for a like aggregate principal amount of 2026 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2026 Bonds shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2026 Bonds for redemption or (ii) with respect to a 2026 Bonds after such 2026 Bonds has been selected for redemption.

SECURITY FOR THE 2026 BONDS

The 2026 Bonds are secured by and payable from a first pledge of the proceeds of the **“Special Tax Revenues,”** defined in the Fiscal Agent Agreement as the proceeds of the Special Tax received by the City for the District (i.e., the “Facilities Special Tax” as defined in the Special Tax Formula), including all scheduled payments and delinquent payments thereof, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, but not including any interest or penalties, less the Administrative Expense Priority. **“Administrative Expense Priority”** means (i) for Fiscal Year 2026-27, \$31,836, and (ii) for each subsequent year, an amount equal to the preceding fiscal year’s Administrative Expense Priority plus an additional 2% of such amount.

In addition, the 2026 Bonds shall be secured by a pledge of all amounts in the Reserve Fund, and a series of Additional Bonds may be secured by a reserve account within the Reserve Fund or a separate reserve fund, as provided in the applicable Supplemental Agreement for such Series. Such pledge shall constitute a first lien on the Special Tax Revenues and said amounts.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated in their entirety to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the 2026 Bonds as provided in the Fiscal Agent Agreement and in the Mello-Roos Act until all of the 2026 Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement. The City may issue additional bonds secured on a parity with the 2026 Bonds only for refunding purposes; see “– Additional Bonds Only for Refunding” below.

Amounts in the Improvement Fund and in the Costs of Issuance Fund established under the Fiscal Agent Agreement are not pledged to the repayment of the 2026 Bonds. The Facilities are not in any way pledged to the repayment of the 2026 Bonds. Any proceeds of condemnation, destruction or other disposition of any Facilities are not pledged to the repayment of the 2026 Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

The Special Taxes (i.e., the “Facilities Special Tax” as defined in the Special Tax Formula) applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City through the application of the Special Tax Formula prepared by NBS, San Francisco, California (the **“Special Tax Consultant”**) and set forth in APPENDIX A hereto. Interest and principal on the 2026 Bonds is payable from the annual Special Taxes to be levied and collected on such property within the District, from amounts held in certain funds and accounts established under the Fiscal Agent Agreement (as described above) and from certain proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

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

The amount of Special Taxes that the City may levy in any year on taxable property in the District, from which principal and interest on the 2026 Bonds is to be paid, is limited by the maximum rates approved by the qualified electors within the District which are set forth as the “Maximum Facilities Special Tax” (as defined in the Special Tax Formula and described below). Under the Special Tax Formula, Special Taxes will be levied annually in an amount not in excess of the Maximum Special Tax for the purpose of making payments on the 2026 Bonds. The Special Taxes shall constitute a trust fund for the principal of and interest on the 2026 Bonds pursuant to the Fiscal Agent Agreement and, so long as the amount levied for principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the “Annual Special Tax Requirement” (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See “– Special Tax Formula” below. See also “APPENDIX A – Rate and Method of Apportionment of Special Tax.”

The City may levy the Special Tax at the maximum rates authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require and the City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the “Annual Facilities Special Tax Requirement” (as defined in the Special Tax Formula and described below). Because each Special Tax levy for payment of the 2026 Bonds is limited to the maximum rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the “Annual Facilities Special Tax Requirement” will in fact be collected in any given year. See “BOND OWNERS’ RISKS – Levy and Collection of the Special Tax” herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

In addition to the maximum rate limitation set forth in the Special Tax Formula, Section 53321(d) of the Mello-Roos Act provides that a special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults.

Special Tax Formula

The Special Tax authorized under the Mello-Roos Act applicable to land within the District will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the Special Tax Formula (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in “APPENDIX A – Rate and Method of Apportionment of Special Tax.” The Special Tax will be levied each year from parcels within the District in an amount at least sufficient to pay debt service on outstanding Bonds and administrative expenses. The Special Tax is expected to be collected at the same time and in the same manner as *ad valorem* property taxes. The City reserves the right to collect the taxes in another manner if required to meet annual obligations of the District.

Each year, the City will determine the “Annual Facilities Special Tax Requirement” for the upcoming fiscal year. The “**Annual Facilities Special Tax Requirement**” means that amount required in any Fiscal Year for the District to (1) pay Debt Service on all Outstanding Bonds due

in the Debt Year that commences in such Fiscal Year; (2) pay debt service on bonds expected to be issued for the District due in the Debt Year that commences in such Fiscal Year; (3) pay Administrative Expenses; (4) provide any amount required to establish or replenish a reserve fund in connection with any Bonds; (5) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (3) or (4); and (6) account for Pay-As-You-Go Expenditures for the Authorized Facilities so long as such amounts do not increase the levy of Special Taxes against Final Map Property or Undeveloped Property. The amounts referred to in clauses (1) through (5) of the preceding sentence may be reduced in any Fiscal Year (in the City's sole discretion) by (i) surplus balances in funds and accounts for Bonds to the extent that such balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax, and (iii) any other revenues available to pay Debt Service on the Outstanding Bonds or other indebtedness as determined by the CFD Administrator.

The City has agreed with K. Hovnanian that for the first 10 fiscal years commencing in the fiscal year in which the Special Tax is first levied on Developed Property, the City will levy the Facilities Special Tax on each parcel of Developed Property at 100% of the applicable maximum Assigned Facilities Special Tax and use Special Tax collections in excess of the amount needed to items (1) through (5) of the Special Tax Requirement to reimburse K. Hovnanian for costs of Facilities.

Assignment to Land Use Categories. Each Fiscal Year, the CFD Administrator shall determine the Assessor's Parcel Numbers for all Taxable Property within the District for the then-current Fiscal Year and shall also determine if the Transition Event has occurred. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated, or otherwise reconfigured, the Maximum Facilities Special Tax shall be assigned to the new Assessor's Parcels Numbers. The CFD Administrator shall also determine: (i) the Tax Zone for each Parcel of Taxable Property; (ii) the appropriate Development Class for each Parcel of Taxable Property; (iii) the number of BSF, Units or Acreage each Parcel contains; (iv) the property type – i.e., Residential Property and Non-Residential Property, etc.; and (iv) the Annual Facilities Special Tax Requirement for the Fiscal Year.

Maximum Facilities Special Tax Rates – Developed Property. The Maximum Facilities Special Tax for each Assessor's Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Facilities Special Tax or (ii) the amount derived by application of the Backup Facilities Special Tax.

The Assigned Facilities Special Tax for each Assessor's Parcel of Developed Property within Tax Zone Nos. 1 and 2 is shown in the following tables.

Assigned Facilities Special Tax for Developed Property

Tax Zone No. 1

Land Use Class	Description	FY 2026/27 Assigned Special Tax ⁽¹⁾	No. of Planned Units ⁽²⁾	Total Assigned Special Tax	Share of Assigned Special Tax
1	Residential Property - > 2,400 BSF	\$2,026.00	21	\$42,546	11.80%
2	Residential Property - 2,101 – 2,400 BSF	1,844.00	21	38,724	10.74
3	Residential Property - 1,800 – 2,100 BSF	2,002.00	19	38,038	10.55
4	Residential Property - < 1,800 BSF	1,993.00	20	39,860	11.05
Totals			81	\$159,168	44.13%

Tax Zone No. 2

Land Use Class	Description	FY 2026/27 Assigned Special Tax ⁽¹⁾	No. of Planned Units ⁽²⁾	Total Assigned Special Tax	Share of Assigned Special Tax
1	Residential Property - > 3,100 BSF	\$2,247.00	19	\$42,693	11.84%
2	Residential Property - 2,801 – 3,100 BSF	2,330.00	17	39,610	10.98
3	Residential Property - 2,501 – 2,800 BSF	2,161.00	19	41,059	11.38
4	Residential Property - 2,275 – 2,500 BSF	2,093.00	17	35,581	9.87
5	Residential Property - < 2,275 BSF	2,127.00	20	42,540	11.80
Totals			92	\$201,483	55.87%
Grand Totals			173	\$360,651	100.00%

(1) On each July 1, commencing on July 1, 2027, through July 1, 2060, the Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(2) Assumes full build out of the District as provided by K. Hovnanian.
Source: NBS.

The Fiscal Year 2026-27 aggregate Backup Facilities Special Tax attributable to Developed Property will equal the Maximum Facilities Special Tax as determined in accordance with the Special Tax Formula, when such property became Final Map Property. See APPENDIX A.

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Special Tax levied on an Assessor's Parcel shall be the sum of the Special Tax for all Land Use Classes located on that Assessor's Parcel.

On each July 1, commencing on July 1, 2027, the Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Maximum Special Tax Rates – Final Map Property. The Maximum Facilities Special Tax for each Assessor's Parcel of Final Map Property shall be the greater of (i) the amount derived by application of the Assigned Facilities Special Tax or (ii) the amount derived by application of

the Backup Facilities Special Tax. The Assigned Facilities Special Tax for each Assessor's Parcel of Final Map Property within Tax Zone No. 1 shall be \$1,967 per Residential Lot in Fiscal Year 2026-27, and within Tax Zone No. 2 shall be \$2,194 per Residential Lot in Fiscal Year 2026-27.

The Fiscal Year 2026-27 aggregate Backup Facilities Special Tax attributable to property within a Final Subdivision Map within Tax Zone No. 1 will equal \$13,710 (and within Tax Zone No. 2 will equal \$14,385) per Acre multiplied by the Acreage of all Taxable Property located within such Final Subdivision Map, excluding Acreage associated with current or expected Taxable Public Property and Taxable Property Owner Association Property within such Tax Zone.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Subdivision Map within each Tax Zone shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which building permits for residential construction have or may be issued within such Tax Zone, as determined in the preceding paragraph, by the number of such Assessor's Parcels (i.e., the number of Residential Lots). Notwithstanding the foregoing, if all or any portion of a Final Subdivision Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Subdivision Map within such Tax Zone, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

First, determine the total Backup Facilities Special Tax anticipated to apply to the changed or modified portion of the Final Subdivision Map within such Tax Zone prior to the change or modification.

Second, divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Taxable Public Property and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area within such Tax Zone, as reasonably determined by the CFD Administrator.

The result is the Backup Facilities Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Subdivision Map within such Tax Zone. On each July 1, commencing on July 1, 2027, the Assigned Special Tax and the Backup Facilities Special Tax for Final Map Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Maximum Special Tax Rates – Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property. The Maximum Facilities Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property in both Tax Zone No. 1 and Tax Zone No. 2 shall be \$14,079 per Acre in Fiscal Year 2026-27. On each July 1, commencing on July 1, 2027, the Assigned Special Tax and the Backup Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Mello-Roos Act Maximum Rate Limitation. In addition to the Maximum Special Tax rate limitations in the Special Tax Formula (described above), Section 53321(d) of the Mello-Roos Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults.

Levy of Special Tax. Commencing with Fiscal Year 2026-27 and for each following Fiscal Year, the CFD Administrator shall determine the Annual Facilities Special Tax Requirement and shall levy the Special Tax until the amount of the Special Tax levied equals the Annual Facilities Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: For the first 10 Fiscal Years commencing in the Fiscal Year in which the Facilities Special Tax is first levied on Developed Property, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at 100% of the applicable Assigned Facilities Special Tax to satisfy the Annual Facilities Special Tax Requirement. Thereafter, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Facilities Special Tax to satisfy the Annual Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Annual Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at 100% of the Maximum Facilities Special Tax for Final Map Property to satisfy the Annual Facilities Special Tax Requirement.

Third: If additional monies are needed to satisfy the Annual Facilities Special Tax Requirement after the second step has been completed, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax for Undeveloped Property to satisfy the Annual Facilities Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Annual Facilities Special Tax Requirement after the first three steps have been completed, then the levy of the Facilities Special Tax on each Assessor's Parcel of Developed Property whose Maximum Facilities Special Tax is determined through the application of the Backup Facilities Special Tax shall be increased in equal percentages from the applicable Assigned Facilities Special Tax up to 100% of the Maximum Facilities Special Tax for each such Assessor's Parcel to satisfy the Annual Facilities Special Tax Requirement.

Fifth: If additional monies are needed to satisfy the Annual Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property at a rate up to 100% of the Maximum Facilities Special Tax for Taxable Property Owner Association Property to satisfy the Annual Facilities Special Tax Requirement.

Sixth: If additional monies are needed to satisfy the Annual Facilities Special Tax Requirement after the first five steps have been completed, then the Facilities Special Tax shall be levied Proportionately on all Taxable Public Property at a rate up to 100% of the Maximum Facilities Special Tax for Taxable Public Property to satisfy the Annual Facilities Special Tax Requirement.

Exemptions. No Facilities Special Tax shall be levied on up to 3.03 Acres of Property Owner Association Property and/or Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property, or Public Property.

Property Owner Association Property that is not exempt from the Facilities Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Property Owner Association Property. Taxable Property Owner Association Property shall be subject to the levy of the Facilities Special Tax and shall be taxed Proportionately as part of the fifth step as described above, at up to 100% of the applicable Maximum Facilities Special Tax for Taxable Property Owner Association Property.

Public Property that is not exempt from the Facilities Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Public Property. Taxable Public Property shall be subject to the levy of the Facilities Special Tax and shall be taxed Proportionately as part of the sixth step as described above, at up to 100% of the applicable Maximum Facilities Special Tax for Taxable Public Property.

No Facilities Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

Prepayment of the Special Tax. The Facilities Special Tax obligation assigned to a particular parcel within the District can be prepaid in full or in part. Section J of the Special Tax Formula sets forth a detailed formula by which the prepayment for a parcel can be calculated. See APPENDIX A. Proceeds of such prepayment will be used to redeem a portion of the Bonds. See "THE 2026 BONDS – Redemption."

Special Tax Fund

When received, the Special Tax Revenues are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the City will establish and maintain two accounts, (i) the Debt Service Account, to the credit of which the City will deposit, immediately upon receipt, all Special Tax Revenues, and (ii) the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds.

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

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

Deposit and Use of Proceeds of 2026 Bonds

The 2026 Bonds are additionally secured by certain amounts generated from proceeds of the 2026 Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the initial purchase of the 2026 Bonds shall be paid to the Fiscal Agent, who shall deposit such proceeds in the Costs of Issuance Fund, the Improvement Fund, the Reserve Fund and the Bond Fund established under the Fiscal Agent Agreement. See APPENDIX B for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also “– Reserve Fund” and “– Improvement Fund” below.

Delinquent Payments of Special Tax; Covenant for Foreclosure

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

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County of San Joaquin relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the City determines on the basis of such review that the amount so collected is deficient it will enforce the lien of the Special Taxes by commencing, or cause to be commenced, foreclosure proceedings to judgment and sale in such manner and upon such timing as advised by legal counsel, taking into account the amounts delinquent, the estimated cost of legal proceedings, the status of Special Tax collections and available debt service reserves, against each separate lot or parcel of land in the District for which installments of the Special Tax are delinquent, under the following circumstances:

- (a) if the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in such Fiscal Year, it will enforce the lien on all delinquent parcels; or
- (b) if property owned by any single property owner in the District is delinquent on four consecutive semi-annual Special Tax installments (irrespective of the total delinquencies in the District) it will enforce the lien against such property.

For clarity, the City need not take any actions toward foreclosure so long as (1) the District is then participating in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq. (i.e., the “Teeter Plan”), or an equivalent procedure, and (2) the amount in the Reserve Fund is at least equal to the Reserve Requirement. See “– Teeter Plan,” below.

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

The owners of the 2026 Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the Owners of the 2026 Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Additionally, it is possible that no bids are received at a foreclosure sale. Provided that it is not levying the Special Tax at the Maximum Special Tax rates set forth in the Special Tax Formula, the City may adjust the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the 2026 Bonds, and to replenish the Reserve Fund, provided however such adjustment may not exceed the Maximum Special Tax or include an increase as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults.

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

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Mello-Roos Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "VALUE OF PROPERTY WITHIN THE DISTRICT – Priority of Lien."

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

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a

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

The Board of Supervisors of San Joaquin County has adopted the Teeter Plan, and the County elects to apply its Teeter Plan to the collection of the Special Taxes annually. As such, the City anticipates that the Teeter Plan will be applicable to the Special Tax levied in the District, but no assurance can be given that it will continue in any or all of the years that the 2026 Bonds are outstanding. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, and to the extent the County does not discontinue the Teeter Plan with respect to the City or the District, the County's Teeter Plan may help protect owners of the 2026 Bonds from the risk of delinquencies in the payment of Special Taxes. *However, there can be no assurance that the County will not modify or eliminate its Teeter Plan, or choose to remove the District or particular delinquent parcels from its Teeter Plan in any year while the 2026 Bonds are outstanding.*

Reserve Fund

Under the Fiscal Agent Agreement, the Fiscal Agent established the Reserve Fund which is available for payment of the 2026 Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies.

The City is required to maintain on deposit in the Reserve Fund an amount that is equal to the Reserve Requirement with respect to the 2026 Bonds. The "**Reserve Requirement**" means, with respect to any Series of Bonds (unless otherwise specified in a Supplemental Agreement, including to create a single parity reserve fund for multiple Series of Bonds), the least of (i) 125% of the average Annual Debt Service with respect to the applicable Series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable Series of Bonds; and (iii) 10% of the original principal amount of the applicable Series of Bonds (or, if the applicable Series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such Series of Bonds); provided, that—

(a) if a parity reserve fund for multiple Series of Bonds is established (as a result of a partial refunding of the 2026 Bonds), references to the applicable Series of Bonds shall mean all Bonds covered by such parity reserve fund;

(b) in no event shall the City be obligated to deposit an amount in any reserve fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code;

(c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument in accordance with the Fiscal Agent Agreement; and

(d) the Reserve Requirement shall be set at the time of issuance of a Series of Bonds and shall not increase thereafter but may decrease as a result of prepayment of the Special Tax.

Amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds secured by the Reserve Fund. Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City. If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

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

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

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

Improvement Fund

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

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

Additional Bonds Only for Refunding

The 2026 Bonds represent the first series of bonds for the District and under the provisions of the Fiscal Agent Agreement the City is precluded from issuing additional bonds secured by the Special Taxes on parity with the 2026 Bonds, except for refunding bonds issued under the Mello-Roos Act.

As an alternative to issuing additional parity bonds, the City may issue bonds for the District secured by Special Taxes on a subordinate basis to the 2026 Bonds.

DEBT SERVICE SCHEDULE

Debt Service Schedule. The annual debt service on the 2026 Bonds based on the interest rates and maturity schedule set forth on the inside cover of this Official Statement is set forth below (assuming no early redemptions).

**City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Debt Service Schedule**

Period Ending Sept. 1	2026 Bonds Principal	2026 Bonds Interest	2026 Bonds Total Debt Service
Total			

Source: Underwriter.

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

**City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Projected Fiscal Year 2026-27 Debt Service Coverage**

Fiscal Year	Estimated Maximum Special Tax Levy - Developed and Final Map Property ⁽¹⁾	Estimated Assigned Special Tax at Buildout⁽²⁾	Administrative Expense Priority	Estimated Debt Service*	Debt Service Coverage from Estimated Assigned Special Tax at Buildout*
2026-27	\$373,775	\$360,651	\$31,836	\$297,650	110.47%

* Preliminary; subject to change.
 (1) Based on development status as of the Appraisal date of value. Greater of the aggregate Assigned Special Tax or the Backup Special Tax for each Taxable parcel.
 (2) Based on the expected development plans provided by K. Hovnanian.
 Sources: NBS; Underwriter for debt service.

THE DISTRICT

Formation and Background

In July 2025, the City Council adopted a Resolution of Intention describing its intent to form the District, authorize the levy of the “Facilities Special Tax” and “Services Special Tax” therein, and incur bonded indebtedness for the purpose of financing the Facilities. In September 2025, after conducting a noticed public hearing, the City Council adopted the Resolution of Formation, which established the District, authorized the levy of the “Facilities Special Tax” and “Services Special Tax” therein and set forth the necessity to incur bonded indebtedness for the District in a total amount not to exceed \$7,000,000 (previously defined as the Authorization). The 2026 Bonds represent the first series of special tax bonds issued pursuant to the Authorization, and the Fiscal Agent Agreement only permits parity bonds for refunding purposes.

Description and Location

General. Property in the District subject to the Special Tax is comprised of land in the City that is expected to be developed with 173 single-family homes, generally located at the southeast corner of Serpentine Street and Airport Way within the City. Home construction and sales activities are underway by K. Hovnanian, as described herein.

Aerial. An aerial showing property within the District is shown in the front of this Official Statement.

Development by K. Hovnanian

K. Hovnanian has provided certain information set forth in this section with respect to development within the District. There may be material adverse changes to this information after the date of this Official Statement. Additionally, no assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the Development Agreement (defined below) and the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur.

Overview. Property in the District subject to the Special Tax is comprised of land in the City that is expected to be developed with 173 single-family homes. Home construction and sales activities are underway by K. Hovnanian. Additional details about the planned development follow.

Entitlements. The entitlements for the project permit a development proposal related to a particular parcel to proceed through tentative map subdivision and design-review permitting processes to final mapping provided the development application is in accord with the entitlements and the final map conditions. The property in the District has an approved final map for 173 single-family homes.

Environmental Mitigation. According to K. Hovnanian, all environmental mitigation requirements have been met for all of the lots within the District.

No Affordable Units. There are no affordable unit requirements related to the development of land within the District.

Flood Hazard Map Information. According to the Federal Emergency Management Agency’s flood insurance rate maps (Flood Area Panel Number 06077C-0610F and 06077C-0630F, with an effective date of October 16, 2009), the property in the District is located within Flood Zone X, described as areas within the 500-year flood plain. Flood insurance is not required.

Seismic Conditions. All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate “Earthquake Fault Zones” (formerly known as “Special Studies Zones”) along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

According to information from the California Department of Conservation and the California Geological Survey, land in the District is not located within an Alquist-Priolo Special Studies Zone. Land in the District is not located in a liquefaction zone.

Wildfire Hazards. Land in the District is not located in a High or Very High Fire Hazard Severity Zone (FHSZ), as defined by CAL FIRE.

K. Hovnanian Development Plan. K. Hovnanian is developing the 173 single-family lots within the District into two communities – “Rosewood at the Estates” (90 lots) and “Meridian at the Estates” (83 lots). Home construction and sales are underway, as described herein.

About 70% of the public improvements required for the development of the lots within the District have been completed by K. Hovnanian. The remaining public improvements include (i) the 3.03-acre Harmony Woods Park (which is anticipated to be completed by July 2026), (ii) minor frontage improvements on Airport Way (which are anticipated to be completed by May 2026), and (iii) work to develop 48 lots to finished lot condition (which is anticipated to be completed in early Summer 2026). See “THE FACILITIES.”

The following table reflects the planned number of units, square footage, bedrooms, and estimated base sales prices within the Rosewood and Meridian product lines:

Product Line	Plan	Units	Living Space (Square Feet)	Bedrooms	Estimated Base Sales Prices
Meridian	Asheville	20	1,774	3	\$620,990
	Boise	20	1,923	4	\$635,990
	Faro	21	2,249	4	\$655,990
	Water Lily	<u>22</u>	2,588	5	\$699,990
		83			
Rosewood	Aegean ESP	19	2,461	4	\$699,990
	Barcelona	17	2,277	4	\$694,990
	Aegean	18	2,274	5	\$719,990
	Macon II	17	2,891	5	\$779,990
	Brisbane	<u>19</u>	3,247	5	\$799,990
		90			

Across the two communities, K. Hovnanian is offering nine floor plans ranging in size from 1,774 to 3,247 square feet, with a typical lot sizes of 5,000 to 6,000 square feet.

Impact of City Building Permit Policy. The City has a policy of allowing merchant homebuilders to apply for no more than 6 building permits at a time (i.e., open permit applications), across all of its respective projects in the City. K. Hovnanian currently does not have other projects ongoing in the City. K. Hovnanian meters out its permit requests on a monthly basis and has not, to date, had any adverse impacts from this policy.

Construction on the Meridian units began in August, 2025, with the first home close on January, 2026 and the last home close anticipated to occur on January, 2028.

As of April 1, 2026, _____ homes were in escrow and _____ building permits had been issued (including the permits for the 4 models). Construction on the Rosewood units began in August, 2025, with the first home close on January, 2026 and the last home close anticipated to occur on January, 2028.

No assurance can be given that K. Hovnanian will continue to exercise its option to acquire lots within the District from Brookfield Landbank, that home construction and sales will be carried out on the anticipated timeline and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. K. Hovnanian reserves the right to change its development at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

K. Hovnanian Financing Plan. To date, K. Hovnanian has funded its acquisition of lots within the District from Brookfield Landbank and home construction costs related to its property in the District through internally generated funds. K. Hovnanian expects to use internal funding (which may include home sales revenues from its project in the District) to complete its home construction and marketing and sales of its homes in the District. However, home sales revenues from K. Hovnanian's activities in the District are not segregated and set aside for completing its development activities in the District. Currently, none of the lots within the District owned by K. Hovnanian are encumbered by a mortgage or deed of trust.

Although K. Hovnanian expects to have sufficient funds available to undertake and complete its development activities in the District, there can be no assurance that amounts necessary to finance the remaining development and home construction costs will be available to K. Hovnanian when needed. While K. Hovnanian's parent company has made such internal funding available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither K. Hovnanian nor any other entity or person is under any legal obligation of any kind to expend funds for the development of and construction of homes on K. Hovnanian's property in the District. K. Hovnanian has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Any contributions K. Hovnanian or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent that the aforementioned sources are inadequate to pay the costs to complete the planned development by K. Hovnanian within the District and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed development by K. Hovnanian or to pay ad valorem property taxes or Special Taxes related to K. Hovnanian's property in the District, and the remaining portions of such development may not be completed. Many factors beyond K. Hovnanian's control, or a decision by K. Hovnanian to alter

its current plans, may cause the actual sources and uses to differ from the projections. See “SPECIAL RISK FACTORS” herein for a discussion of risk factors.

THE FACILITIES

Eligible Facilities

The Facilities eligible to be financed by the District are set forth in the Resolution of Formation and consist of roadway and transportation improvements (including Airport Way), water system and irrigation improvements, recycled water system improvements, drainage system improvements, wastewater system improvements, and other facilities serving substantially the same purpose as the above-described facilities. Authorized Facilities also include capital improvements for which developer impact fees are payable to the City and other local agencies for development within the District, as well as incidental expenses as authorized by the Mello-Roos Act.

The proceeds of the 2026 Bonds will be used for a portion of the cost of the public improvements eligible to be financed with the proceeds of the 2026 Bonds. See “FINANCING PLAN.” The following table estimates the cost of the Facilities needed for development of property in the District.

Table 3
City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Expected Cost of Facilities
As of April 1, 2026

Public Improvements

Estimated Cost

Source: K. Hovnanian, as of April 1, 2026.

Acquisition Agreement

The City and K. Hovnanian have entered into a Funding, Construction and Acquisition Agreement dated as of September 1, 2025 (the “**Acquisition Agreement**”) which provides that K. Hovnanian (or successors) will construct (or cause to be constructed or funded) the Facilities. As components of the Facilities are completed, proceeds of a portion of the 2026 Bonds will be used to pay all or a part of the purchase price of various Facilities pursuant to the terms of the Acquisition Agreement.

The Special Tax Formula provides that the funding of Facilities costs can also be made from collections of the Special Tax available as a “pay-as-you-go” component of Special Taxes. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Facilities in excess of the amount provided from bond proceeds (if such proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt service. Pursuant to the Acquisition Agreement, the City has agreed to levy and collect the Maximum Facilities Special Tax on Developed Property for a period of up to 10 years commencing with the first fiscal year in which the Facilities Special Tax is first levied on Developed Property in order to generate “pay-as-you-go” Special Taxes.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. There is no assurance that an owner or any subsequent owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the 2026 Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

K. Hovnanian has provided the respective information set forth under this heading. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Neither the 2026 Bonds nor the Special Taxes are personal obligations of K. Hovnanian, Brookfield Landbank, or any subsequent landowners; and in the event that a landowner defaults in the payment of the Special Taxes, the District may proceed with judicial foreclosure but has no recourse to the assets of any landowner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about K. Hovnanian, Brookfield Landbank or any other landowners. The 2026 Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY FOR THE 2026 BONDS" and "BOND OWNERS' RISKS" herein.

Current Ownership

As of the February 11, 2026 date of value in the Appraisal, K. Hovnanian owned 38 lots, Brookfield Landbank owned 127 lots, four model homes were owned by HCA Model Fund 2016-9 West, LLC and leased back to K. Hovnanian (as described below), and 4 homes had been sold and closed to individual homeowners. Construction and sales activities are ongoing.

As of April 1, 2026, a total of _____ homes had been conveyed to individuals with an additional _____ homes in escrow, the model home investor owned 4 completed model homes, Brookfield Landbank owned _____ lots and K. Hovnanian owned _____ lots. Homes under contract may not result in closed escrows as sales contracts are subject to cancellation. For additional information on the development status of the project, see "THE DISTRICT."

K. Hovnanian

Ownership. As previously defined in this Official Statement, "**K. Hovnanian**" is K. Hovnanian Homes Northern California, Inc., a California corporation. K. Hovnanian is an indirect, wholly-owned subsidiary of Hovnanian Enterprises, Inc., a Delaware corporation ("**Hovnanian**"), which is based in Matawan, New Jersey, and has been in the business of developing residential real estate communities in California since 1994. Hovnanian is subject to the informational requirements of the Securities Exchange Act of 1934 (the "**Exchange Act**") and in accordance therewith files reports, proxy statements, and other information, including financial statements, with the SEC.

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

Copies of Hovnanian's Annual Report and each of its other quarterly and current reports, including any amendments, are available from Hovnanian's website at www.khov.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the City or the Underwriter. Neither K. Hovnanian nor Hovnanian is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Brookfield Landbank

Landbank Option Arrangement. In connection with the acquisition of lots within the District from the original owner, K. Hovnanian entered into a landbank option arrangement (the "**Option Agreement**") with Brookfield Landbank. As of April 1, 2026, K. Hovnanian had acquired ___ lots within the District from Brookfield Landbank. Under the Option Agreement, K. Hovnanian has the option – but not the obligation - to acquire additional lots within the District so long as a minimum cumulative number of lots are acquired on a periodic basis until a final takedown of lots currently anticipated to occur in or before August 2027. Under the Option Agreement, K. Hovnanian is responsible for the payment of property and special taxes for the lots owned by Brookfield Landbank within the District that accrue during the term of the Option Agreement. Under the Option Agreement, K. Hovnanian has the option to acquire such lots from the Brookfield Landbank pursuant to a takedown schedule. Neither K. Hovnanian nor Brookfield Landbank is under any obligation to develop the property in the District.

The failure to timely acquire lots by K. Hovnanian could result in the termination of the Option Agreement by Brookfield Landbank. In the event that K. Hovnanian does not exercise its option to acquire lots under the Option Agreement, Brookfield Landbank, being an investor only and not a homebuilder, would likely attempt to sell such lots to another merchant builder. In such an event, construction and sale of remaining homes in the District would likely be delayed beyond the estimated timeframes described under the caption “– K. Hovnanian Development Plan” below.

The take-down schedule is as follows. As of April 1, 2026, K. Hovnanian had acquired a total of 60 lots under the Option Agreement. As of the date of this Official Statement, K. Hovnanian was in good standing under the Option Agreement and anticipates taking down lots from Brookfield Landbank in accordance with the terms and conditions of the Option Agreement.

TAKEDOWN SCHEDULE⁽¹⁾

Period	Month	Minimum No. of Lot A Lots	Minimum No. of Lot B Lots	Cumulative Lots
1	7/31/2025 ⁽²⁾	0	4	4
2	8/31/2025	4	4	12
3	9/30/2025	3	3	18
4	10/31/2025	4	4	26
5	11/30/2025	3	3	32
6	12/31/2025	4	4	40
7	1/31/2026	3	3	46
8	2/28/2026	4	4	54
9	3/31/2026	3	3	60
10	4/30/2026	4	4	68
11	5/31/2026	3	3	74
12	6/30/2026	4	4	82
13	7/31/2026	3	3	88
14	8/31/2026	4	4	96
15	9/30/2026	3	3	102
16	10/31/2026	4	4	110
17	11/30/2026	3	3	116
18	12/31/2026	4	4	124
19	1/31/2027	3	3	130
20	2/28/2027	4	4	138
21	3/31/2027	3	3	144
22	4/30/2027	4	4	152
23	5/31/2027	3	3	158
24	6/30/2027	2	4	164
25	7/31/2027	2	3	169
26	8/31/2027	<u>0</u>	<u>4</u>	173
		81	92	

(1) K. Hovnanian is currently on schedule per the takedown schedule.

(2) All 4 model home lots are found on the Lot B schedule, but 2 of such lots will serve as model homes for Rosewood and 2 of such lots will serve as model homes for Meridian.

Source: K. Hovnanian.

Model Home Financing. K. Hovnanian conveyed the four model homes in the District to HCA Model Fund 2016-9 West, LLC and then leased them back to serve as model homes for the community. During the lease term, K. Hovnanian is responsible for all costs associated with the model homes, including the payment of Special Taxes. At the end of the project, K. Hovnanian will market and sell the model homes, and distribute the proceeds pursuant to its agreement with the model home company.

VALUE OF PROPERTY WITHIN THE DISTRICT

Appraised Values

General. The value of taxable property within the District is a critical factor in determining the investment quality of the 2026 Bonds. In order to obtain a more accurate estimate of the value of land in the District, the City hired Integra Realty Resources, Sacramento, California (the “**Appraiser**”) to prepare an appraisal report of the estimated value of the taxable land within the District as of the February 11, 2026 date of value (the “**Appraisal**”). The Appraisal is set forth in APPENDIX C hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, conditions and qualifications which are set forth in the Appraisal.

Value Estimate. The appraised valuation excludes the value of all portions of the property in the District designated for public and quasi-public purposes and assumes completion of infrastructure funded by the 2026 Bonds and accounts for the impact of the lien of the Special Tax. The following estimate represents the market value of the property to be subject to the Special Tax, based on the hypothetical condition that certain proceeds of the 2026 Bonds are available to reimburse certain improvements. The value estimate for the property as of the February 11, 2026, date of value, using the methodologies described in the Appraisal and subject to the limiting and hypothetical conditions and general and special assumptions set forth in the Appraisal is \$36,729,000, summarized in the following table. For additional details, see APPENDIX C.

Appraised Values as of February 11, 2026

Value by Ownership	No. of Parcels	Appraised Value
<u>Brookfield Landbank</u>		
Partially-Improved Lots		
Meridian at The Estates	60	\$198,000
Rosewood at The Estates	66	210,000
Homes Under Construction		
Rosewood at The Estates	1	210,000
Subtotal	127	618,000
<u>K. Hovnanian Homes Northern California, Inc.</u>		
Partially-Improved Lots		
Meridian at The Estates	5	198,000
Rosewood at The Estates	2	210,000
Homes Under Construction		
Meridian at The Estates	14	198,000
Rosewood at The Estates	17	210,000
Subtotal	38	816,000
<u>HCA Model Fund 2016-9 West, LLC</u>		
Completed Homes		
Meridian at The Estates	2	545,000
Rosewood at The Estates	2	645,000
Subtotal	4	1,190,000
Aggregate Total	169	
<u>Individual Homeowners</u>		
Meridian at The Estates	2	\$545,000
Rosewood at The Estates	2	645,000
Total – Individual Homeowners	4	1,190,000
Aggregate Total	173	\$36,729,000

Source: The Appraisal.

Valuation Methodology. The market value of the appraised property was estimated by utilizing the sales comparison approach and land residual analysis to value of the subject’s lots. In valuing the subject lots, the Appraiser selected a benchmark lot category. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value for the benchmark lot category was concluded. Additionally, the Appraiser utilized a land residual analysis (a variation of the cost approach and income capitalization approaches), in which all direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the residual value of the lots. After reconciling the two approaches to value, the Appraiser applied a lot size adjustment factor to account for differing lot size from the benchmark lot category.

The cost approach and income capitalization approach were not utilized.

Hypothetical Condition. The market value estimated by the Appraiser is based on a hypothetical condition. A hypothetical condition is defined by USPAP as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of the analysis.” It is a hypothetical condition of the Appraisal that certain public improvements to be reimbursed by the

2026 Bonds have been paid. The estimate of market value accounts for the impact of the lien of the Special Taxes securing the 2026 Bonds.

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

- The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, the Appraiser reserves the right to modify the value conclusions.
- The valuation analysis did not include review of a current title report of all properties to determine any possible conditions of title affecting the properties appraised. The Appraiser accepts no responsibility for matters pertaining to title.
- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events involving hazardous material reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See “BOND OWNERS’ RISKS – Land Values” and “– Hazardous Substances” below. See “APPENDIX C – The Appraisal” hereto for a description of certain assumptions made by the Appraiser.

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

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2026 Bonds are outstanding in that the City has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See “–Priority of Lien” below.

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

Value to Special Tax Burden Ratios

The principal amount of the 2026 Bonds (\$5,870,000*) and \$293,508 in overlapping debt. Consequently, The estimated value of property in the District subject to the Special Tax lien (\$36,729,000) is approximately 6.26* times the principal amount of the 2026 Bonds. This is an average and individual parcels may vary considerably from this average. [[per Eric; discuss include overlapping school G.O. debt or not]]

In comparing the value of the real property within the District to the principal amount of the 2026 Bonds and other direct and overlapping debt for the District, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the developers of property in the District or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax. See “– Priority of Lien and Overlapping Debt” for a description of the overlapping community facilities district, Manteca Unified School District Community Facilities District No. 2020-6, into which property in the District was recently annexed.

Value-to-lien Ratios by Development Status and Ownership. The following table shows value-to-lien ratios by development status and ownership in the District for Fiscal Year 2026-27. The Fiscal Year 2026-27 special tax levy shown is based on development status as of February 11, 2026 and is only an estimate done in accordance with the provisions of the Special Tax Formula. Value-to-lien ratios on individual parcels may vary considerably from any average.

**Table 4
City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Value-to-Lien Ratios by Development Status – Fiscal Year 2026-27**

Development Status ⁽¹⁾ / Property Owner	No. of Lots	Taxable Acres	Appraised Value	FY 2026-2027 Assigned Special Tax Levy ⁽²⁾	Percent of FY 2026-2027 Special Tax Levy	Series 2026 Bonds*	Direct and Overlapping Special Tax and Assessment Debt ⁽³⁾	Total Land-Secured Debt*	Value to Lien Ratio*
Developed									
Individual Homeowner	4	0.59	\$2,380,000	\$8,680	2.3%	\$136,323	\$0	\$136,323	17.46
Brookfield LLC (Landbank) ⁽⁴⁾ Under Construction	1	0.16	254,000	2,331	0.6%	36,603	0	36,603	6.94
HCA Model Fund 2016-9 West, LLC ⁽⁴⁾ Completed Home	4	0.58	2,380,000	9,323	2.5%	146,413	0	146,413	16.26
K. Hovnanian Homes Northern California, Inc. Under Construction	31	4.52	7,698,000	67,096	18.0%	1,053,724	0	1,053,724	7.31
Subtotals Developed	40	5.85	\$12,712,000	\$87,430	23.4%	\$1,373,064	\$0	\$1,373,064	9.26
Final Map									
Brookfield LLC (Landbank) ⁽⁴⁾ Partially-Improved Lot	126	18.86	\$22,772,000	\$271,848	72.7%	\$4,269,275	\$0	\$4,269,275	5.33
K. Hovnanian Homes Northern California, Inc. Partially-Improved Lot	7	0.95	1,245,000	14,496	3.9%	227,662	0	227,662	5.47
Subtotals Final Map	133	19.80	\$24,017,000	286,345	76.6%	\$4,496,936	0	\$4,496,936	5.34
Grand Totals	173	25.65	\$36,729,000	\$373,775	100.0%	\$5,870,000	\$0	\$5,870,000	6.26

* Preliminary; subject to change.

(1) Development status classification per the RMA as of the Appraisal date of value. Property is defined as Developed Property if a building permit has been issued for such property as of June 30 of the preceding Fiscal Year.

(2) Special Tax Levy based on development status as of October 2, 2025. Maximum Special Tax shown.

(3) Per Overlapping Debt Statement provided by California Municipal Statistics, Inc. for Manteca Unified School District CFD 2020-6 development. Manteca Unified School District is expected to issue new CFD 2020-6 debt in the future, a portion of which will also be allocated to parcels in the CFD.

(4) The Developer is responsible for paying all property taxes, including the Special Tax, for the model homes owned by the model home investor and for the lots/homes owned by the Brookfield Landbank during the term of the Option Agreement.

Sources: San Joaquin County Assessor's Office; Integra Realty Resources, Inc.; NBS

Value-to-lien Ratios By Category. The following table sets forth value-to-lien ratios by category for parcels in the District for Fiscal Year 2026-27. The Fiscal Year 2026-27 special tax levy shown is based on development status as of February 11, 2026 and is only an estimate done in accordance with the provisions of the Special Tax Formula. Value-to-lien ratios on individual parcels may vary considerably from any average.

**Table 5
City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Value-to-Lien Ratio Ranges –Fiscal Year 2026-27**

Value to Lien Range	No. of Lots	Taxable Acres	Appraised Value	FY 2026-27 Special Tax Levy ⁽¹⁾	Percent of FY 2026-27 Special Tax Levy	Series 2026 Bonds*	Direct Overlapping Special Tax and Assessment Debt ⁽²⁾	Total Land-Secured Debt*	Value to Lien Ratio*
15:1 to 19.99:1	6	0.85	\$3,670,000	\$13,342	3.6%	\$209,530	\$0	\$209,530	17.52
10:1 to 14.99:1	2	0.31	1,090,000	4,661	1.2%	73,206	0	73,206	14.89
5:1 to 9.99:1	165	24.48	31,969,000	355,772	95.2%	5,587,264	0	5,587,264	5.72
Totals	173	25.65	\$36,729,000	\$373,775	100.0%	\$5,870,000	\$0	\$5,870,000	6.26

* Preliminary; subject to change.

(1) Special Tax Levy based on development status as of the Appraisal date of value. Maximum Special Tax shown.

(2) Per Overlapping Debt Statement provided by California Municipal Statistics, Inc. for Manteca Unified School District CFD 2020-6 development. Manteca Unified School District is expected to issue new CFD 2020-6 debt in in the future, a portion of which will also be allocated to parcels in the CFD.

Sources: San Joaquin County Assessor's Office; Integra Realty Resources, Inc.; NBS.

Priority of Lien and Overlapping Debt

The principal of and interest on the 2026 Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Mello-Roos Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The City, the County and certain other public agencies are authorized by the Mello-Roos Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. In addition, property owners can voluntarily agree to incur Property Assessed Clean Energy (PACE) liens on their properties.

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

Private liens, such as deeds of trust securing loans obtained by developers of land in the District, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Set forth below is a statement of direct and overlapping public bonded debt (the “Overlapping Debt Report”) prepared by California Municipal Statistics, Inc. as of the date indicated. The Overlapping Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Overlapping Debt Report is included for general informational purposes only. Neither the City nor the Underwriter makes any representation as to its completeness or accuracy.

The first column in the table names each public agency which has outstanding bonded debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the assessed value of the area common to the District and the other public agency (overlapping territory), as a percentage of the total assessed value of the other public agency. This percentage, multiplied by the total outstanding bonded debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District. In addition to the bonded debt shown in the Overlapping Debt Report, various local agencies, including the City, levy additional parcels charges, assessments and special taxes on parcels in the District. See Table 7 for estimated amounts of these parcel charges, assessments and special taxes for Fiscal Year 2023-24. The Overlapping Debt Report does not include PACE debt secured by assessments or special taxes on any property.

Table 6
City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Direct and Overlapping Indebtedness
As of November 1, 2025

CITY OF MANTECA COMMUNITY FACILITIES DISTRICT NO. 2025-1

2025-26 Assessed Valuation: \$19,430,813

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/25</u>
San Joaquin Delta Community College District General Obligation Bonds	0.014%	\$ 19,283
San Joaquin Delta Community College District SFID No. 1 General Obligation Bonds	0.015	6,293
Manteca Unified School District General Obligation Bonds	0.073	267,932
City of Manteca Community Facilities District No. 2025-1	100.000	0 ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$293,508
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Joaquin County Certificates of Participation	0.016%	\$ 6,733
Manteca Unified School District General Fund Obligations	0.073	7,298
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$14,031
 COMBINED TOTAL DEBT		\$307,539 ⁽²⁾

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$0)	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.51%
Combined Total Debt	1.58%

(1) Excludes 2026 Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Although not shown in Table 6, land in the District is also located within the Manteca Unified School District Community Facilities District No. 2020-6. To date, no special tax bonds have been issued for MUSD CFD 2020-6. However, the total bond authorization for MUSD CFD 2020-6 is \$200,000,000, and the City cannot predict whether, or when, MUSD CFD 2020-6 will issue special tax bonds pursuant to this authorization.

The special tax of MUSD CFD 2020-6 may be levied on any “Developed Property” which is defined as taxable property that (i) is a lot in a final map that is recorded prior to January 1st preceding the fiscal year in which the special tax may be levied and (ii) has been issued a building permit prior to May 1st preceding the fiscal year in which the special tax is being levied. Undeveloped property is not subject to the special tax. The special tax is authorized to be levied in the amount of \$0.39 per square foot of buildable square feet for each parcel of Developed Property (in Fiscal Year 2021-22 dollars), as escalated by the greater of 2% and the positive percentage change in the Marshall & Swift Western Region Class D Wood Frame Index published each December. The special tax within MUSD CFD 2020-6 may be levied for a period of 35 fiscal years for each assessor’s parcel of “Developed Property” but in no event later than Fiscal Year 2070-71.

For Fiscal Year 2026-27 and fiscal years thereafter, it is anticipated that parcels that received a building permit by May 1 of the prior fiscal year will be levied a special tax for MUSD CFD 2020-6. If development in the District proceeds more quickly than development in other areas of MUSD CFD 2020-6, land in the District could be responsible for a larger share of the total special tax levy in MUSD CFD 2020-6. The City cannot predict the pace of development within MUSD CFD 2020-6 or the timing or amount of future special tax bond issuances by MUSD CFD 2020-6 and therefore cannot predict the total future MUSD CFD 2020-6 special tax levy to be imposed on taxable property in the District.

Estimated Tax Burden on a Single-Family Home

The following table sets forth the estimated total tax burden on a single-family home based on the various sizes of homes being developed in the District by K. Hovnanian.

**Table 7
City of Manteca
CFD No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026
Sample Tax Bill – Fiscal Year 2026-27**

Tax Zone	1	1	1	1	2	2	2	2	2
Land Use	1	2	3	4	1	2	3	4	5
Building Square Foot Range	> 2,400	2,101 - 2,400	1,800 - 2,100	< 1,800	> 3,100	2,801 - 3,100	2,501 - 2,800	2,275 - 2,500	< 2,275
Building Square Foot for calculations below	2,500	2,200	1,900	1,700	3,200	2,900	2,700	2,400	2,100
Estimated Property Characteristics									
Average Assessed Value ⁽¹⁾	\$699,990.00	\$655,990.00	\$635,990.00	\$620,990.00	\$799,990.00	\$779,990.00	\$719,990.00	\$694,990.00	\$699,990.00
Homeowner's Exemption	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)
Estimated Net Assessed Value	\$692,990.00	\$648,990.00	\$628,990.00	\$613,990.00	\$792,990.00	\$772,990.00	\$712,990.00	\$687,990.00	\$692,990.00
Ad Valorem Tax Rate									
General Purpose Ad Valorem Tax (Prop. 13)	1.0000%								
SJ Delta College	0.0256%								
Manteca School District	0.0844%								
Total Ad Valorem Taxes	1.1100%								
Special/Direct Assessments, Taxes and Charges									
CFD 2025-1 FACILITIES ⁽²⁾	\$2,026.00	\$1,844.00	\$2,002.00	\$1,993.00	\$2,247.00	\$2,330.00	\$2,161.00	\$2,093.00	\$2,127.00
CFD 2025-1 SERVICES ⁽³⁾	184.00	184.00	184.00	184.00	212.00	212.00	212.00	212.00	212.00
LATHROP MANTECA FIRE ⁽⁴⁾	75.00	66.00	57.00	51.00	96.00	87.00	81.00	72.00	63.00
MTCA CFD 2022-1 MAINT & SVCS ⁽⁵⁾	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00
WATER ZONE 2 ⁽⁶⁾	1.35	1.28	1.21	1.16	1.52	1.45	1.40	1.33	1.26
SJC MOSQUITO ABATE ⁽⁷⁾	0.54	0.48	0.41	0.37	0.70	0.63	0.59	0.52	0.46
SJC MOSQ & VCTR CONTR-BEN ASMT	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97
SOUTH SAN JOAQUIN IRRIGATION	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00
CSA NO 53 - HAZ WASTE	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
SJAFCA MOSSDALE OAD ⁽⁸⁾	77.10	67.85	58.60	52.43	98.69	89.43	83.27	74.02	64.76
MANTECA USD CFD 2020-6 ⁽⁹⁾	1,284.00	1,129.92	975.84	873.12	1,643.52	1,489.44	1,386.72	1,232.64	1,078.56
Total	\$4,915.96	\$4,561.50	\$4,547.03	\$4,423.05	\$5,567.40	\$5,477.92	\$5,193.95	\$4,953.48	\$4,815.01
Total Estimated Annual Property Taxes	\$12,608.15	\$11,765.29	\$11,528.81	\$11,238.34	\$14,369.59	\$14,058.11	\$13,108.14	\$12,590.16	\$12,507.20
Effective Tax Rate	1.8012%	1.7935%	1.8127%	1.8097%	1.7962%	1.8023%	1.8206%	1.8116%	1.7868%

(Footnotes on Following Page)

Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions of approval of development or any other imposed requirement. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

(1) Per the Appraisal. (2) Assigned Facilities Special Tax rate for the 2026/27 tax year.

(3) Services Special Tax rate for the 2026/27 tax year.

(4) Rate is \$0.03 per square foot.

(5) Includes Maximum Special Tax for Public Safety/Road Maintenance Services and Landscaping and Lighting Services.

(6) Rate is \$10.276 per acre plus \$0.768 parcel fee.

(7) Rate is \$0.0002194 per square foot.

(8) Rate is \$0.00073472 per Flood Damage Reduction Benefit.

(9) Rate is \$0.5136 per square foot. Property is included in Annexation No. 6 (Indelicato) according to Manteca USD.

Source: *Alliant Tax Research*.

Special Tax Collections and Delinquencies

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

BOND OWNERS’ RISKS

The purchase of the 2026 Bonds involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive or a complete statement of all factors that may be considered as risks in evaluating the credit quality of the 2026 Bonds.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2026 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the 2026 Bonds.

Concentration of Ownership

As of February 11, 2026 four homes had been sold and closed to individual homeowners and the remaining taxable land within the District was owned by K. Hovnanian or its land bank, other than four owned by a model home financing provider and leased to K. Hovnanian. Although transfers of ownership of property are anticipated as development progresses and home sales are closed, the timely payment of the 2026 Bonds depends upon the willingness and ability of all of the owners of taxable property within the District to pay the Special Taxes when due. The only assets of the owners of property within the District which constitute security for the 2026 Bonds are such owners’ real property holdings located within the District, and each parcel may only be foreclosed against for delinquent Special Taxes levied against such parcel. If the current landowners choose to pay some but not all of the Special Taxes, they may, as owners of parcels in the District, choose to default on payments of the Special Tax on parcels. Also see “– Bankruptcy Delays” below.

Under the Option Agreement, K. Hovnanian is responsible for the payment of property and special taxes for the lots owned by Brookfield Landbank within the District that accrue during the term of the landbank option. Under the Option Agreement, K. Hovnanian has the option – but not the obligation – to acquire such lots from the Brookfield Landbank pursuant to a takedown schedule. Neither K. Hovnanian nor Brookfield Landbank is under any obligation to develop the property in the District. Similarly, per the model home investor arrangement, K. Hovnanian is responsible for the payment of property and special taxes on the model homes.

The failure to timely acquire lots could result in the termination of the Option Agreement by Brookfield Landbank. In the event that K. Hovnanian does not exercise its option to acquire

lots under the Option Agreement, the Brookfield Landbank, being an investor only and not a homebuilder, would likely attempt to sell such lots to another merchant builder. In such an event, construction and sale of remaining homes in the District would likely be delayed beyond the estimated timeframes described in this Official Statement.

Development of undeveloped property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the homebuilder or other property owners to pay the Special Taxes when due. Certain infrastructure improvements remain to be completed in order for homes to be completed on the timeline described under the caption "THE DISTRICT – Development by K. Hovnanian." No assurance can be given that the proposed residential development will be partially or fully completed, and for purposes of evaluating the investment quality of the 2026 Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and only partially improved. See the information set forth under the caption "THE DISTRICT."

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2026 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Annual Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Special Tax Formula. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2026 Bonds.

In addition to the maximum annual Special Tax rate limitation in the Special Tax Formula, Section 53321(d) of the Mello-Roos Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2026 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax Formula is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels in the District subject to a Special Tax and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels in the District subject to a Special Tax and their proportionate share of debt service on the 2026 Bonds, and certainly not a direct relationship.

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

Transfers to Governmental Entities. The number of parcels in the District subject to a Special Tax could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a

claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

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

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2026 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure” and in the Mello-Roos Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2026 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE 2026 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See “ – FDIC/Federal Government Interests in Properties” below.

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

Overlapping Tax Districts. The land in the District is also located within the boundaries of various local agencies that could issue debt in the future payable from special taxes or other amounts levied on the parcels in the District; this would decrease the value to lien ratios of parcels in the District.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax

bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner.

Numerous future delinquencies by the owners of Taxable Property in the District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the 2026 Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the 2026 Bonds. See “SECURITY FOR THE 2026 BONDS – Reserve Fund,” and “SECURITY FOR THE 2026 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see “SECURITY FOR THE 2026 BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure”); and increasing the levy of Special Taxes against non-delinquent property owners in the District, to the extent permitted under the Special Tax Formula and the Mello-Roos Act and to the extent the Special Taxes are not already being levied at the Maximum Annual Special Tax rate.

Any future decline in home values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

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

Property Values and Risks Related to Development

The value of Taxable Property within the District is a critical factor in determining the investment quality of the 2026 Bonds. If a property owner defaults in the payment of the Special Tax, the City’s only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City’s control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, wildfires, or other natural disasters, environmental pollution or contamination, inability of prospective homeowners to obtain homeowners insurance at all or on attractive terms, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Current Challenges to the Homebuilding Industry. No assurances can be given that the timing of construction of homes and/or sale of homes to individual homeowners projected by K. Hovnanian in this Official Statement will be accomplished. The pace of homebuilding and sale of homes to individual homeowners in the District may be adversely affected by a variety of factors, including changes in economic conditions, the persistence of higher mortgage rates and higher homeowners insurance costs than in recent prior years, increases in construction costs and supply chain disruptions. For example, homebuilders are currently experiencing a known supply chain disruption with respect to obtaining electrical transformers needed for new development. Further, current mortgage rates may slow the demand for new residential homes and a combination of historically high new home prices and higher mortgage rates than in recent prior years may price some homebuyers out of entry-level homes.

Although such factors are not currently having a significant impact on the overall development of homes in the District, the impacts caused by such factors are evolving and no prediction can be made with respect to the ultimate effects of these factors on K. Hovnanian's ability or willingness to purchase lots from Brookfield Landbank under the Option Agreement or K. Hovnanian's ability to sell and close homes in the District. These external factors, if and as they arise, could have a material adverse effect on the ability to develop the homes in the District as planned, and no assurance can be provided that K. Hovnanian will be able to (b) complete in whole or in any part, or within any particular time, its construction of homes within the District; (c) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers and shortages or delays in the delivery of building materials; or (d) sell homes, and close home sales or not experience purchase contract cancellations, due to an economic downturn, higher-than-anticipated future inflation or other changes in economic conditions.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "THE DISTRICT – Description and Location."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Although land in the District is not in a high-risk area (or a special fire hazard severity zone) for wildfires, landslides, floods, or tornadoes, natural disasters such as these are unpredictable and may occur anywhere throughout the State, with devastating consequences. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Droughts. The State is subject from time-to-time to drought conditions, which could have an impact on future development in the District. Drought conditions have been present in the State numerous times in the recent past. Although much of the State, including property in the City, is now out of the worst drought category, the City cannot predict when worsening drought conditions and concomitant water-reduction requirements will return, what effect drought

conditions could have on property values, or whether or to what extent water reduction requirements may affect the development of the District.

Wildfire. In recent years, drought conditions in the State (see “– Drought above”) have led to increased risk of wildfire. In particular, certain electrical operators in the State have seen their distribution/transmission lines cause fires, resulting in billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in California, causing wide-spread damage. In 2026, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Although not located in a very high fire hazard severity zone, no assurance can be given that wildfires will not erupt in the developments being undertaken in the District and negatively impact development of property or property values in the District in the future.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures. See “THE DISTRICT – Development by K. Hovnanian – Impact of City Building Permit Policy” on potential impacts to K. Hovnanian’s build-out plans from a City policy limiting building permits.

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

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

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

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

Future Property Development

Continuing development of the parcels in the District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, changes in law, and other similar factors. Development in the District may also be affected by development in surrounding areas, which may compete with the property in the District.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the value of the security may be adversely affected by priority and parity liens and similar claims.

The table in the section entitled “VALUE OF PROPERTY WITHIN THE DISTRICT – Estimated Tax Burden on a Single-Family Home” shows the present overall tax burden on parcels in the District subject to a Special Tax. In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels in the District subject to a Special Tax and may be secured by a lien on a parity with the lien of the Special Tax securing the 2026 Bonds. See “– Priority of Lien and Overlapping Debt” for a description of the overlapping debt generally.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2026 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy Delays” below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula and the Mello-Roos Act, which provides that properties or entities of the state, federal or

local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE 2026 BONDS – Special Tax Formula.”

In addition, although the Mello- Roos Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Mello-Roos Act have not been tested, meaning that such property could become exempt from the Special Tax. The Mello-Roos Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

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

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“**FNMA**”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2026 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Mello-Roos Act.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2026 Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement as defined in the Fiscal Agent Agreement. See "SECURITY FOR THE 2026 BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the 2026 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the 2026 Bonds under the Fiscal Agent Agreement. However, because the

Special Tax levy is limited to the annual Maximum Annual Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2026 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2026 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2026 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2026 Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2026 Bonds on a timely basis.

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

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security

interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

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

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Mello-Roos Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

Disclosure to Future Purchasers

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

No Acceleration Provisions

The 2026 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2026 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondowner is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. So long as the 2026 Bonds are in book-entry form, DTC will be the sole Bondowner and will be entitled to exercise all rights and remedies of Bondholders, in accordance with its procedures and rules.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2026 Bonds were to become includable in gross income for purposes of federal income taxation, the 2026 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional redemption, mandatory sinking fund redemption or special mandatory redemption upon prepayment of the Special Taxes. See "THE 2026 BONDS – Redemption."

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2026 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2026 Bonds might be affected as a result of such an audit (or by an audit of similar bonds or securities).

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2026 Bonds.

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

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

As described elsewhere in this Official Statement, the Special Taxes and bonded indebtedness limit for the District were authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the 2026 Bonds and levying of the Special Tax does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218, or Proposition 26.

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

Case Law Related to the Mello-Roos Act Voting

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego. The CCFD is a financing district established under the City’s charter (the “Charter”) and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was

comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

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

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

As to the District, there were fewer than 12 registered voters within the District at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court's holding does not apply to the special tax election in the District.

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

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....

53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act] ... shall be commenced within 30 days after the voters approve the issuance of the bonds or the special tax ...

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

Landowner voters approved the Special Taxes and the issuance of bonds for the District in compliance with all applicable requirements of the Mello-Roos Act and, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired. Because the *San Diego* Court expressly stated that it did not consider the facts presented by the City, and because the period for challenging the Special Taxes has passed, the City believes the Special Taxes are valid and cannot be challenged.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2026 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2026 Bonds for audit examination, or the course or result of any IRS audit or examination of the 2026 Bonds or obligations that present similar tax issues as the 2026 Bonds.

Pandemic Diseases

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

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

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the District, or the administration of the 2026 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2026 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the City, the District and

these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District, including K. Hovnanian and subsequent purchasers of homes, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the 2026 Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of 2026 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2026 Bonds.

LEGAL MATTERS

Legal Opinion

The legal opinion of Jones Hall LLP, as Bond Counsel, approving the validity of the 2026 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX E.

Jones Hall LLP is also serving as Disclosure Counsel to the City. The City Attorney will pass upon certain legal matters for the City. Stradling Yocca Carlson & Rauth LLP is serving as counsel to the Underwriter.

No Litigation

At the time of delivery of the 2026 Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or threatened, which (i) in any way questions the powers of the City Council or the City, (ii) in any way questions the validity of any proceeding taken by the City Council in connection with the issuance of the 2026 Bonds, (iii) wherein an unfavorable decision, ruling or finding could have a material adverse effect on the transactions contemplated by the purchase contract with respect to the 2026 Bonds, (iv) which, in any way, could adversely affect the validity or enforceability of the resolutions of the City Council adopted in connection with the formation of the District, or the issuance of the 2026 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement or the purchase contract with respect to the 2026 Bonds, (v) to the knowledge of the City, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2026 Bonds for federal income tax purposes, or (vi) in any other way questions the status of the 2026 Bonds under State tax laws or regulations.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 Bonds is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2026 Bonds is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2026 Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bonds. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2026 Bonds (said term being the shorter of the 2026 Bonds’ maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2026 Bonds for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2026 Bonds, including purchasers who do not purchase in the original offering, should consult

their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

CONTINUING DISCLOSURE

The City

The City has covenanted for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2025-26 fiscal year (due by March 31, 2027), and to provide notices of the occurrence of certain enumerated events.

The City Annual Report and notices of listed events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is summarized in "APPENDIX F – Forms of Continuing Disclosure Undertakings."

A review of the City's compliance with prior continuing disclosure undertakings in the last five years indicates that the City and its related entities did not comply in all material respects with

such undertakings in the last five years. The City failed to file or timely file certain audited financial statements and annual reports or to include certain operating data in the annual reports.

More specifically, the City failed to file in a timely manner its audited financial statements and annual reports for Fiscal Years 2019-20 through 2023-24 with respect to certain water bonds and sewer bonds. The audited financial statements for Fiscal Years 2019-20 through 2023-24, were filed approximately 4 months to 2.5 years after their respective filing due dates. All required information for the annual reports for Fiscal Year 2021-22 through Fiscal Year 2023-24 for certain sewer bonds were filed approximately 4 months to 2.5 years after their respective filing due dates. The annual reports for Fiscal Year 2021-22 through Fiscal Year 2023-24 were not filed for certain water bonds and the annual reports for Fiscal Year 2020-21 and Fiscal Year 2019-20 were not timely filed for certain water bonds, sewer bonds and tax allocation bonds. The annual reports filed for Fiscal Year 2020-21 and Fiscal Year 2019-20 did not include all required operating data. Most of such data was subsequently included in other filings. Failure to file notices were not timely filed in some instances of late filings. The City has subsequently filed all required information with respect to the applicable water bonds, sewer bonds and tax allocation bonds.

The foregoing late filings were a result, in large part, due to the City failing to complete its audited financial statements for the applicable fiscal years in a timely manner, and as a result of City staff turnover responsible for continuing disclosure compliance. The City has endeavored to update its continuing disclosure filings, and there is new City staff (including the current Finance Director) that is responsible for overseeing the City's continuing disclosure compliance going forward.

The City timely filed its audited financial statements and annual reports for Fiscal Year 2024-25 and anticipates completing its audited financial statements and filing its annual reports in a timely manner.

The City has retained NBS as dissemination agent for the 2026 Bonds and its other undertakings for community facilities district (CFD) bonds under the Rule. The City has retained Urban Futures, Inc. as dissemination agent with respect to non-CFD bonds.

K. Hovnanian

K. Hovnanian has covenanted for the benefit of owners of the 2026 Bonds to provide to owners of the 2026 Bonds through EMMA certain information by April 1 and October 1 of any fiscal year (commencing October 1, 2026) with respect to the property owned by it and its respective Affiliates (as defined in K. Hovnanian's continuing disclosure certificate) within the District (the "K. Hovnanian Semi-Annual Report"), and to provide notices of the occurrence of certain enumerated events. The obligation to provide the K. Hovnanian Semi-Annual Report and notices of the occurrence of certain enumerated events may be terminated under certain circumstances, including once K. Hovnanian and its Affiliates own or have an option to purchase less than an aggregate of 36 homesites, as described in the form of Continuing Disclosure Certificate (Developer) attached as APPENDIX F.

K. Hovnanian represents that to the actual knowledge of K. Hovnanian, K. Hovnanian is not aware of any material failures by it within the past five years to comply with previous undertakings to provide continuing disclosure reports or notices of certain listed material events with respect to community facilities districts or assessment districts in California.

NO RATING

The City has not obtained a formal credit rating on the 2026 Bonds and currently does not anticipate obtaining one on the 2026 Bonds in the future. Prospective purchasers of the 2026 Bonds are required to make independent determinations as to the credit quality of the 2026 Bonds and their appropriateness as an investment.

UNDERWRITING

The 2026 Bonds are being purchased by Samuel A. Ramirez & Co., Inc., as underwriter (the "**Underwriter**"), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2026 Bonds (\$_____), [plus/minus][net] original issue [premium/discount] of \$_____, and less an Underwriter's discount of \$_____).

The purchase agreement relating to the 2026 Bonds provides that the Underwriter will purchase all of the 2026 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2026 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

CONTINGENT FEES

In connection with the issuance of the 2026 Bonds, some or all of fees or other compensation payable to the City, as issuer of the 2026 Bonds, and certain professionals involved in the offering is contingent upon the issuance and delivery of the 2026 Bonds. Those entities include:

- The City, as the issuer;
- Samuel A. Ramirez & Co., Inc., as the Underwriter;
- Urban Futures, Inc., as Municipal Advisor;
- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- NBS, as Special Tax Consultant;
- Stradling Yocca Carlson & Rauth LLP, as Underwriter's Counsel; and
- U.S. Bank Trust Company, National Association, as Fiscal Agent.

EXECUTION

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

CITY OF MANTECA

By: _____
Finance Director

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX C
THE APPRAISAL

APPENDIX D

CITY OF MANTECA AND SAN JOAQUIN COUNTY DEMOGRAPHIC INFORMATION

The following information concerning the City of Manteca (the “**City**”) and the San Joaquin County (the “**County**”) is included only for the purpose of supplying general information regarding the area of the City and County. The 2026 Bonds are not a debt of the City, the County, the State of California (the “**State**”) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General

The City. The City is centrally located in the State, in the San Joaquin Valley between the San Francisco Bay Area and the Sierra Nevada foothills. The City is located one hour east of the San Francisco Bay Area and one hour south of Sacramento, the State capital. Four freeways provide access to the City: U.S. Interstate 5 which links the Pacific states from Mexico to Canada; U.S. Interstate 205, which connects U.S. Interstate 5 to U.S. Interstate 580; State Route 120, which is the primary east-west corridor in the City; and State Route 99, which provides a north-south alternative to U.S. Interstate 5 for most of California’s Central Valley.

The County. The County was established by an act of the State Legislature on February 18, 1850, as one of California’s original 27 counties. The area of the County is 1,448 square miles, and it is the fifteenth largest county in the State, as measured by population. The County seat is the City of Stockton, with a population of 805,856 in 2025 and an area of 55.1 square miles.

Population

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

CITY OF MANTECA, SAN JOAQUIN COUNTY AND STATE OF CALIFORNIA Population Estimates Calendar Years 2021 through 2025, as of January 1

Area	2021	2022	2023	2024	2025
Escalon	7,429	7,351	7,273	7,337	7,232
Lathrop	29,565	31,390	34,877	37,102	38,596
Lodi	66,061	66,309	66,314	67,262	67,093
Manteca	84,800	86,836	88,882	92,116	93,733
Ripon	--	--	--	--	28,795
Stockton	16,126	15,940	15,796	15,966	15,753
Tracy	320,574	321,000	318,906	323,355	320,877
Balance of County	93,773	94,789	95,507	97,501	98,215
County Total	781,220	784,289	787,696	802,328	805,856

Source: State Department of Finance estimates.

Employment and Industry

The unemployment rate in San Joaquin County was 6.4 percent in December 2025, unchanged from a revised 6.4 percent in November 2025, and unchanged the year-ago estimate of 6.4 percent. This compares with an unadjusted unemployment rate of 5.1 percent for California and 4.1 percent for the nation during the same period.

The County is part of the Stockton-Lodi Metropolitan Statistical Area (the “MSA”). Set forth below is data from 2020 through 2024, reflecting the MSA's civilian labor force, employment, and unemployment.

STOCKTON-LODI MSA (San Joaquin County) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2024 Benchmark)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force ⁽¹⁾	347,200	349,400	356,700	363,400	368,500
Employment	308,800	320,300	338,200	341,600	344,700
Unemployment	38,400	29,100	18,500	21,700	23,800
Unemployment Rate	11.1%	8.3%	5.2%	6.0%	6.5%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	14,600	14,200	13,800	14,500	14,300
Mining and Logging	100	100	0	0	0
Construction	13,000	13,900	14,900	14,000	14,700
Manufacturing	20,100	21,300	23,000	23,500	23,500
Wholesale Trade	10,600	10,800	11,600	12,300	12,400
Retail Trade	24,600	26,200	27,000	27,100	27,000
Transportation, Warehousing and Utilities	38,800	43,000	48,100	47,300	47,600
Information	1,200	1,200	1,200	1,100	1,000
Financial Activities	7,800	8,000	8,200	7,900	7,700
Professional and Business Services	21,300	22,500	24,100	23,100	22,900
Educational and Health Services	37,300	38,000	39,700	42,000	44,800
Leisure and Hospitality	18,500	21,300	24,300	24,500	24,400
Other Services	6,800	7,300	7,900	8,100	8,200
Federal Government	3,300	3,100	3,100	3,000	3,000
State Government	6,800	6,000	5,500	5,100	4,800
Local Government	33,000	32,900	34,000	35,100	37,000
Total All Industries ⁽³⁾	257,700	269,800	286,200	288,500	293,000

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

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

(3) Columns may not add to totals due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table lists the major employers within the City as of June 30, 2024.

CITY OF MANTECA Principal Employers for Fiscal Year Ended June 30, 2024

<u>Employer</u>	<u>Number of Employees</u>
Amazon.com Services, LLC	710
Tennant Sales & Service Company	800
Manteca Unified School District	730
City of Manteca	570
Gardner Trucking Inc.	520
Doctors Hospital of Manteca	399
Kaiser Foundation	314
Wal-Mart	307
Costco Wholesale #1031	307
BASS Pro Outdoor World	300
Sunvalley Smoked Meats Inc.	257
Lassen Canyon Nursery	250
Eckert Cold Storage	250
Karma Inc, (DBA Manteca Care & Rehab)	<u>225</u>
Guardian Care and Rehab Center	205
Home Depot	183

Source: City of Manteca, Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2025.

Major Employers

The major employers in the County as of March 2026 are shown below in alphabetical order without regard to the number of employees.

SAN JOAQUIN COUNTY Major Employers As of March 2026

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Dameron Hospital	Stockton	Hospitals
Foster Care Svc	Stockton	Government Offices-County
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
M & R Co	Lodi	Fruits & Vegetables-Growers & Shippers
Medline	Tracy	Physicians & Surgeons Equip & Supls-Whls
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
O-G Packing & Cold Storage Co	Stockton	Fruits & Vegetables-Growers & Shippers
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices-County
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Regional Health	Stockton	Health Services
Stockton Police Dept	Stockton	Police Departments
Stockton Unified Sch Dist	Stockton	Facilities Management
Stockton Unified School Dist	Stockton	Schools
Walmart Supercenter	Stockton	Department Stores
Waste Management-Lodi Transfer	Lodi	Solid Waste Collection

Source: California State Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2026 1st Edition.

Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF MANTECA, SAN JOAQUIN COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2022 through 2026**

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2022	City of Manteca	\$2,282,650	\$73,568
	San Joaquin County	21,672,926	68,971
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Manteca	\$2,569,884	\$74,006
	San Joaquin County	22,168,255	68,912
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Manteca	\$2,935,024	\$82,407
	San Joaquin County	24,445,200	76,847
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Manteca	\$3,075,409	\$82,106
	San Joaquin County	24,833,658	77,622
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Manteca	\$3,561,247	\$90,034
	San Joaquin County	28,892,491	85,982
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

Commercial Activity

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

Total taxable sales reported during the first three quarters of calendar year 2025 in the City were reported to be \$1,176,112,610, a 2.39% decrease from the total taxable sales of \$1,204,862,902 reported during the comparable three quarters of calendar year 2024.

**CITY OF MANTECA
Taxable Transactions
(Dollars in Thousands)**

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2020	1,060	\$928,929	1,740	\$1,111,947
2021	967	1,267,680	1,618	1,496,447
2022	987	1,367,662	1,646	1,654,549
2023	976	1,373,379	1,624	1,643,649
2024	991	1,367,633	1,676	1,633,306

Source: State of California, Board of Equalization.

Total taxable sales reported during the first three quarters of calendar year 2025 in the County were reported to be \$18,541,920,605, a 2.72% increase over the total taxable sales of \$18,050,158,443 reported during the three comparable quarters of calendar year 2024.

**SAN JOAQUIN COUNTY
Taxable Transactions
(Dollars in Thousands)**

Year	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2020	11,188	\$10,122,979	18,358	\$15,609,880
2021	10,642	15,100,195	17,665	22,244,519
2022	10,884	15,342,203	18,100	23,625,470
2023	10,632	15,584,742	17,666	23,507,449
2024	10,831	16,862,302	18,099	24,682,773

Source: State of California, Board of Equalization.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF MANTECA Total Building Permit Valuations (Dollars in Thousands)

	2020	2021	2022	2023	2024
<u>Permit Valuation:</u>					
New Single-family	\$199,291.6	\$248,446.4	\$390,392.4	\$285,962.6	\$594,211.8
New Multi-family	0.0	13,590.0	15,727.0	0.0	0.0
Res. Alterations/Additions	<u>2,128.9</u>	<u>3,569.4</u>	<u>9,421.7</u>	<u>7,111.1</u>	<u>3,296.5</u>
Total Residential	201,420.5	265,605.8	415,541.1	293,073.7	597,508.3
New Commercial	12,953.8	30,464.9	12,321.7	53,813.5	36,524.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	12,307.0	15,979.3	15,255.9	13,107.5	27,964.5
Com. Alterations/Additions	<u>1,975.3</u>	<u>2,028.4</u>	<u>5,404.4</u>	<u>11,439.6</u>	<u>7,366.7</u>
Total Nonresidential	27,236.1	48,472.6	32,982.0	78,360.6	71,856.0
<u>New Dwelling Units:</u>					
Single Family	609	729	821	690	1,364
Multiple Family	<u>0</u>	<u>20</u>	<u>106</u>	<u>0</u>	<u>0</u>
TOTAL	609	749	927	690	1,364

Source: Construction Industry Research Board, Building Permit Summary.

SAN JOAQUIN COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2020	2021	2022	2023	2024
<u>Permit Valuation:</u>					
New Single-family	\$870,859.6	\$1,179,358.0	\$1,281,631.4	\$851,675.9	\$1,603,417.4
New Multi-family	38,411.8	69,775.2	88,457.7	75,802.5	26,010.5
Res. Alterations/Additions	<u>40,144.4</u>	<u>108,647.1</u>	<u>182,338.5</u>	<u>55,378.0</u>	<u>59,932.3</u>
Total Residential	949,415.8	1,357,780.3	1,552,427.6	982,856.4	1,689,360.2
New Commercial	255,761.2	272,617.0	641,696.7	199,112.8	147,637.7
New Industrial	534,199.5	43,401.3	249,274.2	13,931.0	0.0
New Other	33,112.3	58,264.9	107,863.0	76,524.2	175,731.2
Com. Alterations/Additions	<u>135,285.4</u>	<u>272,064.7</u>	<u>450,649.8</u>	<u>193,151.2</u>	<u>283,920.5</u>
Total Nonresidential	958,358.4	646,347.9	1,449,483.7	482,719.2	607,289.4
<u>New Dwelling Units</u>					
Single Family	2,843	3,665	3,168	2,147	3,620
Multiple Family	<u>245</u>	<u>178</u>	<u>338</u>	<u>605</u>	<u>73</u>
TOTAL	3,088	3,843	3,506	2,752	3,693

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Manteca
1001 West Center Street
Manteca, California 95337

OPINION: \$ _____ City of Manteca
Community Facilities District No. 2025-1 (Indelicato Facilities and Services)
Special Tax Bonds Series 2026

Members of the City Council:

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

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

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

1. The City is duly organized and existing under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein, and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City.
3. The Fiscal Agent Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms.
4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on and pledge of the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and the other sources pledged for the security of the Bonds.
5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The

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

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

Interest on the Bonds may be subject to the corporate alternative minimum tax. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

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

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

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

Respectfully submitted,

APPENDIX F

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE (City)

\$ _____
CITY OF MANTECA
COMMUNITY FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND SERVICES)
SPECIAL TAX BONDS SERIES 2026

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the City of Manteca, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the “City”), in connection with the issuance of the bonds captioned above (the “Bonds”). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of April 1, 2026 (the “Fiscal Agent Agreement”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”). The City hereby covenants and agrees as follows:

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

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

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

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

“*Dissemination Agent*” means NBS, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*District*” means the City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services).

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

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

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

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

“*Participating Underwriter*” means Samuel A. Ramirez & Co., Inc., as the initial underwriter of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB through the EMMA System an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

(c) The Dissemination Agent shall:

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

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

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

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

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

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

- (1) Principal amount of Bonds outstanding under the Fiscal Agent Agreement.
- (2) Balance in Reserve Fund.
- (3) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent fiscal year, and whether the Special Tax levy is covered by the Teeter Plan.
- (4) Status of foreclosure proceedings and summary of results of foreclosure sales, if any.
- (5) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available without charge to the City).
- (6) Aggregate assessed value for all parcels in the District.

(c) For so long as there is any owner of property in the District whose properties collectively represent 10% or more of the Special Taxes, the following information regarding the status of development in the District:

- (1) Significant amendments to land use entitlements and any changes to the unit mix planned for development and as described in the Official Statement.
- (2) Status of any legislative, administrative and judicial challenges to the construction of the development in the District known to the City.
- (3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.

(4) List of landowners (as shown County Assessor's tax roll) whose parcels collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year, together with assessor's parcel number(s) of such parcels.

(d) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the EMMA System. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating Changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for a definition of "financial obligation," see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any

of which reflect financial difficulties (for a definition of “financial obligation,” see clause (e)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(9) and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

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

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

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

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

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

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

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

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

(c) the proposed amendment or waiver either (1) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (2) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

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

Section 11. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

Section 12. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Fiscal Agent, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF MANTECA, for and on behalf of
CITY OF MANTECA COMMUNITY
FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND
SERVICES)

By: _____
Authorized Officer

AGREED AND ACCEPTED:

NBS,
as Dissemination Agent

By: _____
Name: _____
Title: _____

**CONTINUING DISCLOSURE CERTIFICATE
(K. Hovnanian)**

Relating to:

\$ _____
**CITY OF MANTECA
COMMUNITY FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND SERVICES)
SPECIAL TAX BONDS SERIES 2026**

THIS CONTINUING DISCLOSURE CERTIFICATE (K. Hovnanian) (the “**Disclosure Certificate**”) dated as of _____, 2026, is executed and delivered by K. Hovnanian Homes Northern California, Inc. a California corporation (“**K. Hovnanian**”), in connection with the issuance by the City of Manteca (the “**City**”) of its \$ _____ City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services) Special Tax Bonds Series 2026 (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of April 1, 2026 (the “**Fiscal Agent Agreement**”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”). K. Hovnanian covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by K. Hovnanian for the benefit of the holders and Beneficial Owners of the Bonds.

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

“**Affiliate**” means with respect to K. Hovnanian, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with K. Hovnanian, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the District and investment decision regarding the Bonds (i.e., information regarding such Person’s assets or funds that would materially affect K. Hovnanian’s ability to develop the Property as described in the Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of K. Hovnanian) prior to delinquency). For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the present possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The Brookfield Landbank and the model home investore are not an Affiliate of K. Hovnanian.

“**Assumption Agreement**” means an undertaking of a Major Owner, or an Affiliate thereof (as applicable), for the benefit of the owners and Beneficial Owners of the Bonds to assume the terms and obligations of “K. Hovnanian” under this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the portion of the property in the District acquired by such Major Owner and/or its Affiliates), whereby such Major Owner or Affiliate agrees to provide Periodic Reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in

the District owned by such Major Owner and/or its Affiliates. As set forth in Section 6, the sale of property to a Major Owner shall not require the execution of an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the property conveyed to such Major Owner will become subject to future Periodic Reports. In addition, the conveyance of property from the Brookfield Landbank to K. Hovnanian under the Option Agreement is subject to this Disclosure Certificate and shall not require K. Hovnanian to enter into an Assumption Agreement

“Brookfield Landbank” means Brookfield Holdings (Indelicato) LLC, a Delaware limited liability company.

“Dissemination Agent” means K. Hovnanian, or any successor Dissemination Agent designated in writing by K. Hovnanian and which has filed with K. Hovnanian, the City, and the Participating Underwriter a written acceptance of such designation.

“District” means the City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services).

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

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

“Major Owner” means, as of any Report Date, a Person who owns, or has under option 36 or more residential lots in the District. During the term of the Option Agreement, the Brookfield Landbank shall not be considered a Major Owner. A foreclosing creditor or bank shall not be considered a Major Owner.

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

“Option Agreement” shall mean the Option Agreement (as amended) by and between K. Hovnanian and the Brookfield Landbank that provides an option to K. Hovnanian to acquire certain parcels of the property in the District from the Brookfield Landbank pursuant to a takedown schedule.

“Participating Underwriter” means Samuel A. Ramirez & Co., Inc., the original underwriter of the Bonds.

“Periodic Report(s)” means any Periodic Report provided by K. Hovnanian pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“Property” means, collectively, as of the date of determination, (i) the parcels within the boundaries of the District that are owned by K. Hovnanian or an Affiliate of K. Hovnanian, (ii)

during the term of the Option Agreement, the parcels of property in the District owned by the Brookfield Landbank for which K. Hovnanian has the option to purchase under the Option Agreement, and (iii) property conveyed from K. Hovnanian to a Major Owner for which an Assumption Agreement was not executed. Property as of any date of determination does not include real property within the boundaries of the District that is exempt from the Special Taxes, is the subject of an Assumption Agreement, or has been conveyed to individual homeowners or a Person that is not a Major Owner.

“Report Date” means April 1 and October 1 of any fiscal year, commencing October 1, 2026. If, in any year, the Report Date falls on a Saturday, Sunday, or a holiday, such Report Date shall be extended to the next following day that is not a Saturday, Sunday, or holiday.

“Special Taxes” means the special taxes levied on taxable property in the District that secure the Bonds.

Section 3. Provision of Periodic Reports.

(a) Until K. Hovnanian’s obligations under this Disclosure Certificate are terminated in accordance with Section 6 herein, K. Hovnanian shall, or, upon written direction of K. Hovnanian the Dissemination Agent shall, not later than the Report Date, file or cause to be filed with EMMA a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. Not later than fifteen (15) calendar days prior to the Report Date, K. Hovnanian shall provide the Periodic Report to the Dissemination Agent (if different from K. Hovnanian). K. Hovnanian shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from K. Hovnanian), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the City may conclusively rely upon such certification of K. Hovnanian and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

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

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

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

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

Section 5. Reporting of Significant Events.

(a) Until K. Hovnanian's obligations under this Disclosure Certificate are terminated in accordance with Section 6 herein, K. Hovnanian shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

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

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

(iii) filing of a lawsuit by K. Hovnanian against a third party or filing of a lawsuit of which K. Hovnanian is aware against K. Hovnanian or an Affiliate, which, if successful, is reasonably likely to have a significant impact on K. Hovnanian's ability to pay Special Taxes on the Property (to the extent the responsibility of K. Hovnanian) or to sell or develop the Property; and

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

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

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

Section 6. Duration of Reporting Obligation.

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

- (i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or
- (ii) At such time as K. Hovnanian is no longer a Major Owner, or
- (iii) the date on which all of the Special Taxes attributable to the Property are paid in full.

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

(b) K. Hovnanian's obligations hereunder shall terminate with respect to any portion of the Property on the date such portion of the Property is sold to a Person that will not be a Major Owner after giving effect to such sale. If any portion of the Property is sold to a Major Owner or if the Option Agreement is terminated and the Brookfield Landbank would be a Major Owner, K. Hovnanian shall remain obligated hereunder with respect to such Property unless the obligations have been assumed by the Major Owner or the Brookfield Landbank (if the Brookfield Landbank is then a Major Owner), as applicable, pursuant to an Assumption Agreement.

K. Hovnanian's obligations under this Disclosure Certificate with respect to a Major Owner or the Brookfield Landbank (if the Option Agreement is terminated and the Brookfield Landbank is then a Major Owner) that has not executed an Assumption Agreement shall terminate upon the earlier to occur of (i) the date on which K. Hovnanian's obligations with respect to such Major Owner or the Brookfield Landbank are assumed under an Assumption Agreement entered into pursuant to this Section 6, or (ii) the date on which the Major Owner or the Brookfield Landbank is no longer considered a Major Owner. K. Hovnanian shall provide a copy of the executed Assumption Agreement to the City and the Participating Underwriter promptly upon execution thereof. A Major Owner, however, shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, including an agreement to provide Periodic Reports for the property conveyed to such Major Owner. In addition, the conveyance of property from the Brookfield Landbank to K. Hovnanian under the Option Agreement is subject to this Disclosure Certificate and shall not require K. Hovnanian to enter into an Assumption Agreement.

Section 7. Dissemination Agent. K. Hovnanian may, from time to time, appoint or engage a Dissemination Agent to assist K. Hovnanian in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be K. Hovnanian. The Dissemination Agent (if other than K. Hovnanian) may resign by providing thirty (30) days' written notice to the City, the Participating Underwriter and K. Hovnanian, in which case K. Hovnanian shall be the Dissemination Agent until another is appointed in accordance with this Disclosure Certificate.

Section 8. No Amendment. K. Hovnanian may not amend this Disclosure Certificate, without the written consent of the Participating Underwriter and the City.

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

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

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and K. Hovnanian agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, K. Hovnanian, the Fiscal Agent, the Bond owners, or any other party. The obligations of K. Hovnanian under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

To K. Hovnanian:	K. Hovnanian Homes Northern California, Inc. 400 Exchange, Suite 200 Irvine, CA 92602 Attn: Robert Sprague Email: rsprague@khov.com
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To the City:	City of Manteca 1001 West Center Street
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Manteca, California 95337
Attn: Matthew Boring
Email: mboring@manteca.gov

To the Participating
Underwriter:

Samuel A. Ramirez & Co., Inc.
12130 Millennium Drive, Suite 300
Los Angeles, CA 90094
Attn: Municipal Capital Markets Group
Email: eric.mckean@ramirezco.com

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, K. Hovnanian (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity. All obligations of K. Hovnanian hereunder shall be assumed by any legal successor to the obligations of K. Hovnanian as a result of a sale, merger, consolidation or other reorganization.

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

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

K. Hovnanian Homes Northern California, Inc.,
a California corporation

By: _____

Name: _____

Title: _____

EXHIBIT A

PERIODIC REPORT

Relating to:

\$ _____
**CITY OF MANTECA
COMMUNITY FACILITIES DISTRICT NO. 2025-1
(INDELICATO FACILITIES AND SERVICES)
SPECIAL TAX BONDS SERIES 2026**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (K. Hovnanian) (the “**Disclosure Certificate**”) dated _____, 2026 executed by K. Hovnanian Homes Northern California, Inc., a California corporation (the “**K. Hovnanian**”), in connection with the issuance by the City of Manteca (the “**City**”) of the above-captioned bonds (the “**Bonds**”).

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

I. Property Ownership and Development

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

A. Property currently owned or under option by K. Hovnanian or its Affiliates (if any) in the District (the “**Property**”):

Development name: _____

Number of lots: _____

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds under the caption “THE DISTRICT” or the Periodic Report last filed in accordance with the Disclosure Certificate:

C. Status of building permits and any significant changes to the description of land use, unit mix, or development entitlements for the Property:

D. Status of any land purchase contracts (other than sales to homeowners) with regard to the Property (including the Option Agreement with Brookfield Landbank):

E. Number of homes in the District sold and closed to homeowners by K. Hovnanian to date and number of homes in the District under contract for sale:

II. Legal and Financial Status of K. Hovnanian

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of K. Hovnanian or the financial condition and financing plan of K. Hovnanian that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to K. Hovnanian or the Property contained in the Official Statement under the captions "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" that would materially and adversely interfere with K. Hovnanian's ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

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

Certification

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

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

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

Dated: _____

K. Hovnanian Homes Northern California, Inc.
a California corporation

By: _____

Name: _____

Title: _____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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