

# Policy Compliance Report



## Community Facilities District No. 2025-1 of the County of Orange (Rienda 3) (Improvement Area No. 1) 2026 Series A Special Tax Bonds

*Prepared by:*

**CSG** | advisors

Dated April 22, 2026

**Policy Compliance Report**  
**Community Facilities District 2025-1 of the County of Orange (Rienda 3) (Imp Area No. 1)**  
**Proposed 2026 Series A Special Tax Bonds**  
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April 22, 2026

Mr. Louis McClure  
Finance Team Lead  
County of Orange  
County Executive Office  
333 W. Santa Ana Blvd., 3rd Floor  
Santa Ana, CA 92701

Dear Mr. McClure:

CSG Advisors Incorporated, serving as Municipal Advisor on behalf of the County, provides the attached Policy Compliance Report for the proposed issuance of the Community Facilities District No. 2025-1 of the County of Orange (Rienda 3) (Improvement Area No. 1) 2026 Series A Special Tax Bonds (the Bonds).

The proposed Bonds are issued subject to the County's **Debt Management Policy** adopted May 2017 and its **Land Secured Financing Policy** updated as of May 2021 (collectively, the County Debt Policies). The County's Debt Management Policy establishes certain acceptable uses of debt, types of financing instruments, and general principles that govern the structuring of County debt issuances from time to time. The County's Land Secured Financing Policy has established certain *Objectives* of the County relative to the issuance of such debt, for which the County carries the responsibility to protect taxpayers, homebuyers, and bond investors alike. Based on these objectives, the County has established certain *Program Requirements*, in which the County applies specific criteria, or guidelines that the proposed Bonds must meet or exceed prior to the issuance of such debt.

This Policy Compliance Report provides a summary of how the plan of finance, the proposed bond structure, and preparation of key financing documents for issuance of the proposed Bonds both meets or exceeds the requirements or guidelines of the County Debt Policies.

We are pleased to serve the County for this proposed financing.

Sincerely,

**CSG ADVISORS INCORPORATED**

A handwritten signature in blue ink that reads "Scott Smith".

Scott Smith, Principal  
Direct (415) 613-1717  
[ssmith@csgadvisors.com](mailto:ssmith@csgadvisors.com)

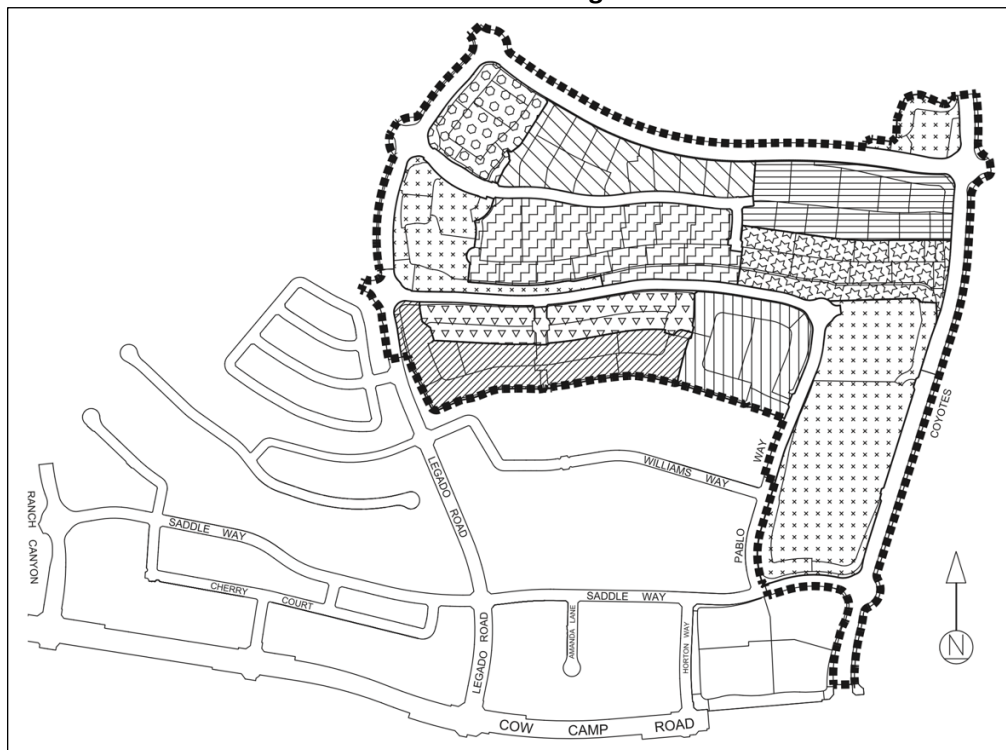
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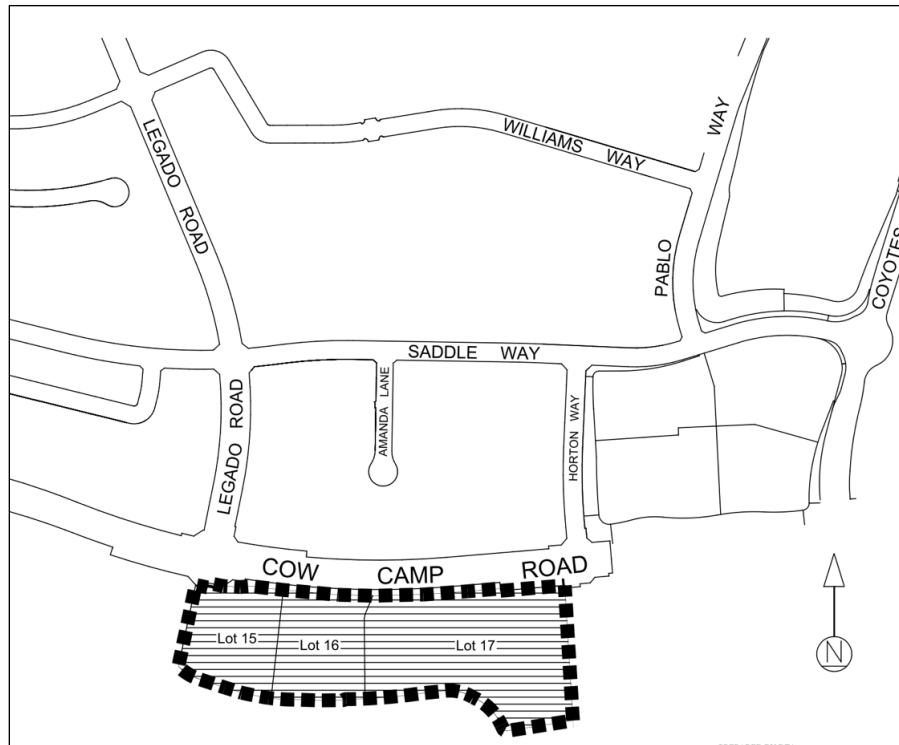
**PART 1 – PROJECT DESCRIPTION & PLAN OF FINANCE**

**Location.** Community Facilities District 2025-1 (Rienda 3) (Improvement Area No. 1) (IA No. 1) is located in the southern portion of the County to the north of the Ortega Highway. IA No. 1 consists of two noncontiguous areas with a portion located to the southeast of the intersection of Legado Road and Bucker Way and another portion on the southeast of the intersection of Legado Road and Cow Camp Road. The property in IA No. 1 is a portion of Planning Area 3, which is one of six planning areas of the Rancho Mission Viejo Ranch Plan Planned Community, a proposed 22,815-acre master planned community which is anticipated to be the final master planned community within the Ranch. The portion of Planning Area 3 that includes CFD 2025-1 is being marketed as “Rienda.” Rienda is currently planned to include approximately 2,150 for-sale homes and approximately 500 apartment units. Other Rancho Mission Viejo projects within the County have included the City of Rancho Santa Margarita, Ladera Ranch, Las Flores, Sendero and Esencia.

IA No. 1 consists of approximately 178 gross acres. The development within IA No. 1 is planned for eight for-sale residential projects with 501 for-sale single family homes (consisting of 175 market-rate and 326 age-qualified homes) and a 217-unit market rate apartment project, all of which will be subject to the Special Tax. The property within IA No. 1 which is not subject to the levy of the Special Tax consists of property anticipated to be primarily used for a public school and public right of ways, along with community amenities (which include a dog park and a clubhouse). The boundaries of IA No. 1 are depicted below:

**BOUNDARY MAP – Original Area**

**BOUNDARY MAP – Annexation No. 1**



**Developer.** RMV PA3 Development, LLC is the master developer of Rienda (the Developer). The Developer is a limited liability company created under the laws of the State of Delaware. RMV Community Development, LLC, a California limited liability company (RMV CD) is the managing member of the Developer.

The members of RMV CD are DMB Ladera, L.L.C., a Delaware corporation (DMB Ladera), and RMV Community Development Company, Inc., a California corporation (RMV CDCI), as the managing member of RMV CD. RMV CD is the developer of Sendero and Esencia, communities that are the first two phases of the RMV Ranch Planned Community. DMB Ladera is the developer of Ladera Ranch.

**Entitlements & Development Status.** A brief summary of entitlements and development status within IA No. 1 are summarized as follows:

- **Zoning and Land Use.** The Rancho Mission Viejo Ranch Plan Planned Community application was approved by the Board of Supervisors with a General Plan Amendment, zone change, and development agreement on November 8, 2004. There were subsequently a number of entitlements and lawsuits that were settled that facilitated commencement of development. A requirement by the County for the Rancho Mission Viejo Ranch Plan Planned Community, Condition of Approval No. 1, is that a Master Area Plan is required for each of the planning areas. As a result, a Master Area Plan for Planning Area 3, which includes the property in IA No. 1, was prepared and approved by the County on September 11, 2019.

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- **Development Agreement.** On November 8, 2004, the County approved a Development Agreement with then owners of the property (the Original Property Owners) within the Rancho Mission Viejo Ranch Plan Planned Community (the Development Agreement). The Development Agreement includes requirements of the County that would need to be accomplished by the Original Property Owners in return for vesting of project approvals to allow build-out of the Rancho Mission Viejo Ranch Plan Planned Community under the development standards and requirements in place at the time of the approval. The Development Agreement has a term of 30 years.
- **EIR.** On November 8, 2004, the Board of Supervisors certified the environmental impact report for the project and granted a number of approvals that would allow the implementation of the Rancho Mission Viejo Ranch Plan Planned Community. There was subsequent litigation that among other items expanded the protection of open space and endangered species.
- **Development Rights & Obligations.** On January 19, 2021 and February 3, 2022, the Original Property Owners entered into Assignment and Assumption Agreements with the Developer (the Assignment Agreements). Pursuant to the Assignment Agreements, the Original Property Owners assigned to the Developer certain of their rights and obligations under the Development Agreement which were appurtenant and pertained to the lands transferred to the Developer, including the land within CFD 2025-1. These obligations included dedication of certain rights of way, funds for local improvements, funding of certain studies relating to traffic projects, and funding of certain street improvements. Each of these obligations has been fulfilled with respect to the land within CFD 2025-1. The assigned rights included allocation of certain development rights and associated milestones permitted under the Development Agreement, which include a number of permitted dwellings and other property uses sufficient to complete build-out of properties in IA No. 1.
- **Final Tract Map Recordation.** Final tract maps for each of the eight for-sale projects have all been recorded and development has commenced as described below.
- **Backbone Infrastructure.** According to the Developer, the backbone infrastructure necessary to complete the development in IA No. 1 has been substantially completed. The Property has been graded and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) has been substantially completed.

The Developer is also constructing certain Planning Area 3 community-wide infrastructure which is not required to complete the development in IA No. 1, but will benefit the development in IA No. 1. Such infrastructure includes portions of Cow Camp Road, Bucker Road and Bridge, a flood control basin, a community park (Rianda Park) and a new public school (to be constructed by the Capistrano Unified School District). The total estimated costs of such infrastructure are approximately \$192.9 million, of which appropriately \$115.4 million had been spent as of February 25, 2026 (which amount includes the estimated value of the school site that the Developer has conveyed to the Capistrano Unified School District). Such offsite costs are eligible to be funded from proceeds of the Bonds.

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The Developer estimates that its total project cost for the infrastructure improvements (including fees) specifically within IA No. 1 will total approximately \$175.6 million. As of February 25, 2026, the Developer has spent approximately \$137.0 million of such costs. The remaining infrastructure within IA No. 1 to be completed by the Developer consists of (a) \$14.3 million for grading, roadways, streets, sewer and drainage improvements and utilities; (b) \$9.4 million for landscaping, hardscape, parks and trails; (c) \$9.0 million for amenities; (d) \$2.4 million for engineering, miscellaneous processing and legal fees, and marketing and (e) \$1.8 million for indirect construction support and equipment. In addition, the Developer expects to pay approximately \$2.0 million in mitigation fees (sheriff, library, Transportation Corridor Agency, and school fees, each of which are paid by the Developer on behalf of the merchant builders upon submission of building permits). The remaining infrastructure improvements to be installed by the Developer are anticipated to be completed by the end of 2026. All remaining infrastructure costs are planned to be funded by the Developer with cash on hand and available Bond proceeds.

- **Construction, Building Permits & Contracts.** All of the merchant builders have commenced new home construction and home sales of their projects in IA No. 1. As of February 25, 2026, 59 homes had been conveyed to individual homeowners and 277 building permits have been issued for the 501 planned single family homes within Improvement Area No. 1. The Developer is currently negotiating with another entity to develop the 217-unit apartment project in IA No. 1 through a joint venture partnership. Based on current estimates, the Developer expects that the joint venture arrangement will be finalized in June 2026, with construction commencing in July 2026 and complete in November 2028.

**Merchant Builders.** All the for-sale residential projects, which include Market Rate and Age-Qualified (AQ) units, has been transferred to the Merchant Builders or their respective land banks. The following table summarizes the purchase and conveyances from the Developer to the Merchant Builders of the residential units as of February 25, 2026:

**TABLE 1 – MERCHANT BUILDER OWNERSHIP**

Merchant Builder	Units Owned by Builders*		Units Completed by Builders & Sold to Homeowners		Total Units	
	Mkt Rate	AQ	Mkt Rate	AQ	Mkt Rate	AQ
Lennar		119		5		124
Tri Pointe		76				76
Shea	51		4		55	
Pulte		125		1		126
Trumark	71		49		120	
<b>Total</b>	<b>442</b>		<b>59</b>		<b>501</b>	

**Description of the Eligible CFD Facilities Costs.** The expected total cost of the facilities eligible to be financed with the proceeds of the bonds to be issued by CFD 2025-1, including the Bonds, is approximately \$298 million. Costs not funded by the Bonds may be funded by bonds issued for future improvement areas annexed into CFD 2025-1, or by the Developer in cash or other funding sources. CFD funding of the improvements is subject to limitations and/or conditions contained in the Acquisition, Funding and Disclosure Agreement among the County, CFD 2025-1 and the Developer, and the Joint Community Financing Agreements of the CFD with Santa Margarita Water District and Capistrano Unified School District. A breakdown of facilities eligible to be financed, based on the current estimated costs of the Facilities, is set forth below.

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**TABLE 2 – ESTIMATED ELIGIBLE COSTS**

<b>I. ONSITE AND OFFSITE FACILITIES – COUNTY FACILITIES</b>	
PROJECT FACILITIES (Acquired by County) (1)	
Roadways (including related rough grading for roadways and traffic improvements)	
1. Cow Camp Road	\$ 15,000,000
2. Public Street Improvements	11,687,000
3. Public Storm Drain Facilities	20,541,000
4. Bucker Road and Bridge	20,000,000
5. Ranch Canyon Road	2,988,000
Other Facilities	
6. Public Storm Facilities	40,322,000
7. Rienda Park	10,000,000
<b>Subtotal Project Facilities</b>	<b>\$ 120,538,000</b>
<b>II. JCFA – SANTA MARGARITA WATER DISTRICT</b>	
1. Major Water Facilities (constructed by Developer)	\$ 19,685,000
2. Major Water Facilities (constructed by SMWD)	25,108,000
3. In-Tract Sewer and Water Facilities (to be acquired by SMWD)	20,207,000
<b>Subtotal SMWD Facilities</b>	<b>\$ 65,000,000</b>
<b>III. JCFA – CAPISTRANO UNIFIED SCHOOL DISTRICT</b>	
1. CUSD Land Acquisition Subaccount	\$35,000,000
2. Major Water Facilities (constructed by SMWD)	\$40,000,000
<b>School Facilities (Land/Construction)</b>	<b>\$ 75,000,000</b>
<b>IV. OTHER FACILITIES</b>	
1. Dry Utilities	\$ 10,000,000
<b>V. CONTINGENCY</b>	
1. Contingency	\$ 27,538,000
<b>TOTAL</b>	<b>\$ 298,076,000</b>

\* The amount to be disbursed for Dry Utilities may not exceed 5% of the initial amount deposited to the Acquisition and Construction Fund on the date of issuance of the Bonds.

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**Price Point Study, Special Tax Rates & Total Tax Burden.** The County retained a real estate market economist, Empire Economics, Inc. (Empire), to prepare an independent analysis of estimated base prices of expected homes to be developed within the IA No. 1. Such base prices are used to determine that Special Taxes imposed specifically on homeowners, do not exceed a County debt policy requirement that the Total Tax Burden (defined as the sum of fees, taxes, assessments, rates & charges on the homebuyer's tax bill divided by the estimated base price of a residential unit) may not exceed 2%. Such analysis was used to determine Special Tax Rates when IA No. 1 was formed in 2025, and were reviewed again prior to bond issuance. Empire presented a final report dated March 17, 2026 of its estimates of base prices, which were used by the County's Special Tax Consultant, DTA, Inc., to develop special tax rates that conformed to the County debt policy.

Given the varied nature of the residential product by neighborhood, the Rate & Method of Apportionment (the RMA) defines eight separate Tax Zones applicable to the for-sale residential units, with Special Tax rates established from Minimum Base Pricing as summarized below:

**TABLE 3 – TOTAL TAX BURDEN (Maximum Effective Tax Rate)  
For Sale Residential Units Only**

Tax Zone	Planning Area	Tract No.	Builder	Units	Bldg SF	Min Base Price Mar 22, 2026 [1]	FY 25-26 Assigned Tax Rate	Max ETR [2]
1	MR45	Tr 19302	Trumark	19	2,461	\$1,357,000	\$13,435	2.000%
1	MR45	Tr 19302	Trumark	21	2,575	\$1,454,175	\$14,153	1.983%
1	MR45	Tr 19302	Trumark	24	2,823	\$1,507,832	\$14,931	2.000%
2	MR46	Tr 19304	Trumark	18	2,769	\$1,542,945	\$15,015	1.983%
2	MR46	Tr 19304	Trumark	18	3,057	\$1,620,500	\$16,030	1.999%
2	MR46	Tr 19304	Trumark	20	3,129	\$1,644,033	\$16,281	2.000%
3	MR50	Tr 19303	Shea Homes	16	3,306	\$1,750,000	\$17,337	2.000%
3	MR50	Tr 19303	Shea Homes	18	3,691	\$1,880,000	\$18,532	1.995%
3	MR50	Tr 19303	Shea Homes	21	3,965	\$1,871,018	\$18,532	2.000%
4	AQ11	Tr 19307	TriPointe	27	1,296	\$921,500	\$7,302	1.803%
4	AQ11	Tr 19307	TriPointe	27	1,671	\$1,096,029	\$8,730	1.807%
4	AQ11	Tr 19307	TriPointe	12	1,747	\$1,183,500	\$9,858	1.843%
4	AQ11	Tr 19307	TriPointe	10	2,202	\$1,495,572	\$12,430	1.841%
5	AQ12	Tr 19305	Lennar	16	1,451	\$1,047,990	\$8,117	1.785%
5	AQ12	Tr 19305	Lennar	8	1,566	\$1,087,990	\$8,436	1.786%
5	AQ12	Tr 19305	Lennar	8	2,020	\$1,202,990	\$9,695	1.816%
5	AQ12	Tr 19305	Lennar	10	1,718	\$1,157,990	\$8,857	1.775%
5	AQ12	Tr 19305	Lennar	10	2,263	\$1,281,990	\$10,239	1.809%
6	AQ22	Tr 19306	Lennar	25	1,560	\$1,091,990	\$9,929	1.920%
6	AQ22	Tr 19306	Lennar	15	1,711	\$1,191,990	\$10,638	1.903%
6	AQ22	Tr 19306	Lennar	16	2,063	\$1,266,990	\$11,604	1.926%
6	AQ22	Tr 19306	Lennar	8	1,861	\$1,291,990	\$11,362	1.889%
6	AQ22	Tr 19306	Lennar	8	2,378	\$1,381,990	\$12,594	1.921%
7	AQ40	Tr 19308	Pulte	13	2,454	\$1,594,990	\$14,265	1.904%
7	AQ40	Tr 19308	Pulte	14	2,692	\$1,658,990	\$14,642	1.892%
7	AQ40	Tr 19308	Pulte	17	2,911	\$1,700,990	\$14,943	1.888%
8	AQ42	Tr 19309	Pulte	11	1,844	\$1,398,990	\$11,281	1.816%
8	AQ42	Tr 19309	Pulte	14	2,484	\$1,559,484	\$12,138	1.788%
8	AQ42	Tr 19309	Pulte	13	1,907	\$1,558,605	\$11,581	1.753%
8	AQ42	Tr 19309	Pulte	14	2,736	\$1,666,462	\$13,627	1.827%
8	AQ42	Tr 19309	Pulte	30	2,806	\$1,704,082	\$13,919	1.826%
			<b>Total</b>	<b>501</b>				

Source: DTA, Inc.

[1] Based on information shown on pages 17 and 18 of the Price Point Study dated 3/22/2026.

[2] Based on actual FY 2025-26 ad valorem rate, IA No. 1 Special Tax Rates, plus other fixed charges.

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**CFD Formation Proceedings.** CFD 2025-1 was formed and IA No. 1 was designated by the County pursuant to the Mello-Roos Act of 1982 (the Act) and constitutes a governmental entity separate and apart from the County. Pursuant to the Act, the County Board of Supervisors took the following actions:

- On December 3, 2024, the Board of Supervisors adopted Resolution No. 24-129 (the Resolution of Intention), stating its intention to form CFD 2025-1 and designate IA No. 1 and to authorize the levy of a special tax on the taxable property within IA No. 1.
- On December 3, 2024, the Board of Supervisors also adopted Resolution No. 24-130, stating its intention, with respect to IA No. 1, to incur bonded indebtedness in an aggregate principal amount not to exceed \$160,000,000 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public facilities to serve the area within IA No. 1 and its neighboring areas.
- On January 14, 2025 the Board of Supervisors adopted Resolution Nos. 25-002 and 25-003 (the Resolution of Formation and the Resolution to Incur Debt, respectively) which established CFD 2025-1 and designated IA No. 1, designated additional property to be annexed to CFD 2025-1, authorized the levy of a special tax within IA No. 1, determined the necessity to incur bonded indebtedness within IA No. 1; and conducted an election of the qualified electors of IA No. 1.
- On February 11, 2025, the Board, acting as the legislative body of CFD 2025-1, adopted Ordinance No. 25-003 (the "Ordinance") which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment of Special Tax within IA No. 1.
- On April 8, 2025, the Board, acting as legislative body of CFD 2025-1, adopted Resolution No. 25-045, accepting the unanimous approval of the owners of each property to be annexed, and such property was annexed and is subject to the levy of special taxes within IA No. 1.

**Validation Judgment.** On February 20, 2025, the County, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Section 53359, filed a complaint in the Superior Court of the State of California for the County of Orange seeking judicial validation of the formation of CFD 2025-1 and designation of IA No. 1, the authorization of the issuance of bonds for IA No. 1, and the levy of the special tax within IA No. 1. On August 7, 2025, the court entered a default judgment (the Validation Judgment) to the effect, among other things, that the proceedings conducted by the Board of Supervisors in connection with the establishment of CFD 2025-1 and designation of IA No. 1, the authorization to incur bonded indebtedness for IA No. 1 through the issuance of bonds and the levy of the Special Tax within IA No. 1 were valid and in conformity with the Constitution of the State and applicable laws of the State.

**Market Absorption Study.** In addition to the Price Point Study, Empire delivered a Market Absorption Study on behalf of the County dated February 25, 2026. In the Market Absorption Study, Empire performed a comprehensive analysis of the product mix characteristics, as well as the micro- and macro-economic factors that are expected to influence the absorption of the forthcoming projects in IA No. 1. Empire concluded that market absorption will be negatively impacted in the short-term by higher mortgage rates and other challenges, but will be moderated by builder incentives and/or discounts. In the longer term, rates and housing prices may normalize if and when the rate of inflation approaches the Federal Reserve target rate of 2%. Based on the assumptions and limiting conditions set forth in the Market Absorption Study, Empire estimated the calendar year absorption schedules for the for-sale residential projects as follows:

**TABLE 4 – MARKET ABSORPTION PROJECTION  
FOR-SALE RESIDENTIAL UNITS  
Empire Economics – February 25, 2026**

Year	Projected Absorption Schedule
2025	49
2026	197
2027	203
2028	52
<b>Total</b>	<b>501</b>

**Property Appraisal.** In order to provide information with respect to the value of the property within IA No. 1, the County engaged Integra Realty Resources (the Appraiser) to prepare an Appraisal Report. The Appraiser has an “MAI” designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds, including prior phases of the Rancho Mission Viejo development. The Appraiser was selected by the County and has no material relationships with the County, CFD 2025-1 or IA No. 1, or the owners of the land within IA No. 1 other than the relationship represented by the engagement to prepare the Appraisal Report. The County instructed the Appraiser to prepare its analysis and report in conformity with County-approved guidelines and the Appraisal Standards for Land Secured Financings dated 2004 by the California Debt and Investment Advisory Commission. A summary of appraised values as of the Date of Value of February 25, 2026 by Property Owner are as follows:

**TABLE 5 – APPRAISED VALUE AS OF FEBRUARY 25, 2026  
Integra Realty Resources – Orange County**

Property Owner/Builder	Development Area	No. of Units	Appraised Value
RMV PA3 Development LLC	Apartment Project	217	\$47,058,000
Individual Owners	Various	59	85,185,000
Lennar	AQ-12 and AQ-22	119	90,284,000
TRI Pointe Homes	AQ-11	76	29,778,000
Shea	MR-50	51	51,023,000
Pulte	AQ-40 and AQ-42	125	83,884,000
Trumark	MR-45 and MR-46	71	58,000,000
<b>Total</b>		<b>718</b>	<b>\$445,212,000</b>

\* As of the date of value of the appraisal, a portion of the Pulte and Lennar lots were owned by a landbank. Although each landbank entity maintains title as of such date, each of the builders is responsible for the special tax payments attributable to such lots until transfer to a homeowner.

**Estimated Sources and Uses of Funds.** The Bonds are sized assuming the adjusted maximum Assigned Special Taxes that could be levied based on projected build out. Assuming an Administrative Expense Requirement of \$75,000 (which escalates at 2.00% per Fiscal Year, commencing July 1, 2027) and build out within IA No. 1 as planned, Net Taxes would not be less than 110% of debt service on the Bonds in each Bond Year which begins in a Fiscal Year. Bonds are further structured to fund costs of issuance and a reserve fund requirement equal to federal tax law requirements (in this case 125% of average annual debt service). A portion of special taxes levied and collected for FY 2025-26 will fund the initial interest payment to be due on August 15, 2026.

The term of the Bonds is 30 years, with a final maturity date of August 15, 2056. The Bond Indenture does not provide for Parity Debt, except for refunding the Bonds for savings.

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Based on market interest rates as of April 2, 2026 plus 25 basis points cushion, the projected sources and uses of funds are estimated as follows. Costs of issuance are not final and subject to actual costs to be determined at the time of bond sale. The actual par amount of bonds will depend upon market conditions as of the date the bonds are priced.

**TABLE 6 – ESTIMATED SOURCES AND USES**  
**Source: Piper Sandler, Underwriter: CSG Advisors Inc., Municipal Advisor**  
**Market interest rates as of April 2, 2026 plus 25bps**

<b>Sources of Funds</b>	
Par Amount	\$118,210,000
Net Original Issue Discount*	-1,425,600
<b>Total Sources of Funds</b>	<b>\$116,784,400</b>
<b>Uses of Funds</b>	
Acquisition & Construction Fund	\$105,313,900
Reserve Fund	10,597,700
Costs of Issuance	400,000
Underwriter's Discount	472,800
<b>Total Uses of Funds</b>	<b>\$116,784,400</b>

\* Net original issue discount is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is lower than the face value of such bonds.

The estimated cost of the facilities eligible to be financed with proceeds of the Bonds to be issued for IA No. 1 are summarized in Table 2. Any costs in excess of available proceeds of the Bonds to be issued by IA No. 1 are expected to be paid from future improvement areas designated within CFD 2025-1 or in cash by the Developer.

**Foreclosure Covenant.** For CFD bonds generally, a key feature of bondholder security is a covenant of the CFD to initiate foreclosure proceedings on delinquent property owners. For the Bonds, CFD 2025-1 will covenant that (1) with respect to residential property other than Multi-Unit For-Rent Property located within Zone 9, it will commence judicial foreclosure proceedings against such parcels which are delinquent in payment of four or more installments of Special Taxes by the October 1 following the close of the Fiscal Year in which the fourth delinquent installment of Special Taxes were due and will commence judicial foreclosure proceedings against all such parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied on such parcels; and (2) with respect to Multi-Unit For-Rent Property located within Zone 9, it will commence judicial foreclosure proceedings against such parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which such Special Taxes were due, and, in each case, diligently pursue to completion such foreclosure proceedings. Notwithstanding the foregoing, the CFD may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement.

**Value-to-Lien Ratio.** When CFD bonds are initially issued – during the development phase of a given CFD – such bonds are typically issued on an unrated basis. Such is the case with the proposed Bonds. A key credit feature and County policy requirement therefore is the Value-to-Lien Ratio. The Value-to-Lien Ratio is the market value of property within the CFD subject to the Special Tax relative to CFD Bonds being issued plus any overlapping debt. Generally, the higher the Value-to-Lien Ratio, the more likely it is that property owners will be expected to pay their special taxes. The County's Land Secured Financing Policy requires a minimum Value-to-Lien Ratio of 3:1 on an aggregate basis relative to the CFD bonds issued plus overlapping CFD or assessment liens. Based on the Appraised Value and estimated Par Amount of the Bonds summarized above, the Value-to-Lien Ratio by Property Owner is broken down as follows:

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**TABLE 7 – VALUE-TO-LIEN RATIO**  
**As of Appraisal Date of Value of February 25, 2026**

**Source: DTA, Inc.**

Property Classification / Owner [1]	Units/Lots at Buildout [2]	Projected			Overlapping Debt [5]	Total		Appraised Value [1]	Appraised Value-to-Lien Ratios
		FY 26-67 Taxable Acreage	IA No. 1 Special Tax Levy [3]	IA No. 1 Bonds Outstanding [4]		Direct and Overlapping Debt	Appraised Value [1]		
<b>Developed Property [6]</b>									
Trumark	33	3.18	\$ 509,377	\$ 9,473,516	\$ 386	\$ 9,473,902	\$ 31,837,000	3.36	
Shea	21	3.02	389,611	7,246,090	179	7,246,269	24,971,000	3.45	
TRI Pointe Homes	17	1.99	147,257	2,738,730	4	2,738,734	7,476,000	2.73	
Lennar [7]	87	8.35	882,162	16,406,673	31	16,406,704	74,944,000	4.57	
Pulte [8]	25	2.94	348,809	6,487,244	8	6,487,252	20,264,000	3.12	
Individual Homeowners	59	6.13	891,329	16,577,159	620	16,577,779	85,185,000	5.14	
<b>Developed Property Subtotal</b>	<b>242</b>	<b>25.61</b>	<b>\$ 3,168,545</b>	<b>\$ 58,929,412</b>	<b>\$ 1,228</b>	<b>\$ 58,930,640</b>	<b>\$ 244,677,000</b>	<b>4.15</b>	
<b>Undeveloped Property [6]</b>									
Trumark	38	3.52	\$ 451,209	\$ 8,391,696	\$ 431	\$ 8,392,127	\$ 26,163,000	3.12	
Shea	30	4.54	475,012	8,834,399	255	8,834,654	26,052,000	2.95	
TRI Pointe Homes	59	6.89	532,362	9,900,991	11	9,901,002	22,302,000	2.25	
Lennar [7]	32	3.12	269,468	5,011,639	12	5,011,651	15,340,000	3.06	
Pulte [8]	100	12.53	1,099,064	20,440,665	32	20,440,697	63,620,000	3.11	
RMV PA3 Development, LLC [9]	217	12.53	360,313	6,701,197	121	6,701,318	47,058,000	7.02	
<b>Undeveloped Property</b>	<b>476</b>	<b>43.13</b>	<b>\$ 3,187,428</b>	<b>\$ 59,280,587</b>	<b>\$ 862</b>	<b>\$ 59,281,449</b>	<b>\$ 200,535,000</b>	<b>3.38</b>	
<b>TOTAL</b>	<b>718</b>	<b>68.74</b>	<b>\$ 6,355,973</b>	<b>\$ 118,210,000</b>	<b>\$ 2,090</b>	<b>\$ 118,212,089</b>	<b>\$ 445,212,000</b>	<b>3.77</b>	

*Preliminary, subject to change.*

- [1] Ownership based on Appraisal Report with a date of value of February 25, 2026 (a portion of the parcels for Lennar and Pulte's projects are currently owned by the landbanks for such projects as described herein).
- [2] Taxable acreage for Fiscal Year 2026-27 is based on acreage from final maps recorded through January 1, 2026.
- [3] Estimated Fiscal Year 2026-27 Special Tax levy includes the Administrative Expenses Cap.
- [4] Allocated based on estimated Fiscal Year 2026-27 Special Tax levy
- [5] As of March 2, 2026. Allocated based on Fiscal Year 2026-27 levy.
- [6] Reflects building permits issued as of January 1, 2026. Under the Rate and Method, Developed Property for Fiscal Year 2026-27 is property for which a building permit was issued as of January 1, 2026. Undeveloped Property for Fiscal Year 2026-27 is property for which a building permit was not issued as of January 1, 2026. Between January 1, 2026 and the February 25, 2026 Date of Value, 35 additional building permits have been issued.
- [7] As of the Date of Value, a portion of the property for Lennar's projects in Improvement Area No. 1 was owned by the landbank entity for such property. As of February 25, 2026, Lennar has acquired lots for 77 homes from such landbank.
- [8] As of the Date of Value, a portion of the property for Pulte's project in Improvement Area No. 1 was owned by the landbank entity for such property. As of February 25, 2026, Pulte has acquired lots for 54 homes from such landbank.
- [9] Consists of the property planned for a 217-unit apartment project. Assuming full buildout, approximately 6.27% of the annual Special Tax levy is expected to be attributable to such property.

## Part 2 – COUNTY POLICY COMPLIANCE DISCUSSION

The proposed Bonds are issued subject to the County's **Debt Management Policy** adopted May 2017 and its **Land Secured Financing Policy** updated as of May 2021 (collectively, the County Debt Policies). The County's Debt Management Policy establishes certain acceptable uses of debt, types of financing instruments, and general principles that govern the structuring of County debt issuances from time to time. The County's Land Secured Financing Policy has established certain *Objectives* of the County relative to the issuance of such debt, for which the County carries the responsibility to protect taxpayers, homebuyers, and bond investors alike. Based on these objectives, the County has established certain *Program Requirements*, in which the County applies specific criteria, or guidelines that the proposed Bonds must meet or exceed prior to the issuance of such debt.

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Orange County's growth in population and economic development has created the need for a wide variety of public facilities which serve community needs: a network of major highway and connector roads, freeways, flood control facilities, fire stations, libraries, parks, public safety buildings, etc. The County has maintained a commitment to construct public improvements as development occurs, thereby minimizing unpleasant side effects of growth such as traffic congestion and overcrowded facilities. With the approval of Proposition 13 in 1978 local governments could no longer issue general obligation bonds secured by property taxes to pay for public facilities. About the same time, federal and state programs which funded local facilities were cut. As a result, local governments had few choices to finance needed public facilities, particularly in newly developing areas.

One available funding source is to use tax-exempt financing mechanisms secured by the levy of special taxes. Constructing public facilities as development occurs can be facilitated by borrowing the construction funds and is usually accomplished by issuing tax-exempt bonds. Issuing bonds allows public facilities to be constructed and/or acquired before or concurrent with the increasing demand for the public facility due to the development. With this in mind, the County adopted its Land Secured Financing Policy to facilitate the issuance of CFD bonds, which provide a mechanism to finance public facilities which have a general community benefit, as well as having a direct benefit to the property for which special taxes are levied to pay debt service on such CFD bonds,

**The Bonds are not a General or Special Obligation of the County or a General Obligation of CFD 2025-1, but are Special Obligations payable only from Net Special Taxes levied on taxable parcels within IA No. 1 of CFD 2025-1, subject to limitations described in the RMA, and certain amounts held under the Bond Indenture.**

The following Table 8 and Table 9 prepared by CSG summarizes those aspects of the County Debt Policies applicable to the proposed Bonds and how the plan of finance, the bond structure, and preparation of key financing documents for issuance of the proposed Bonds both meets or exceeds the requirements or guidelines of such policies.

**TABLE 8 – Debt Management Policy Compliance**

Applicable Debt Management Policy	Compliance Discussion
<p><b><u>Acceptable Uses</u></b></p> <ul style="list-style-type: none"> <li>• Acquisition of a capital asset with a useful life of five or more years.</li> <li>• Construction or reconstruction of a facility or other public improvement.</li> <li>• The costs associated with a debt-financed project, including project planning, design, engineering and other preconstruction efforts; project-associated furniture, fixtures and equipment; and the costs of the financing itself, including capitalized interest, a debt service reserve, underwriter's discount and other costs of issuance.</li> </ul>	<p>See Table 2. All Eligible Costs are public improvements of useful life of five or more years. Also see Table 6 – Estimated Sources and Uses.</p>
<p><b><u>Types of Financing Instruments</u></b></p> <ul style="list-style-type: none"> <li>• Conduit Financings <ul style="list-style-type: none"> <li>• Community Facilities Districts (CFDs)</li> </ul> </li> </ul>	<p>Conduit financings are sponsored by the County to allow third-parties to access tax-exempt interest rates. These financings are not secured by regular County revenues. CFDs are subject to the County's Land Secured Financing Policy and compliance thereto is described below.</p>
<p><b><u>Debt Structure</u></b></p> <ul style="list-style-type: none"> <li>• Term of Debt – should match useful life of assets being financed.</li> </ul>	<ul style="list-style-type: none"> <li>• Term of the Bonds is approximately 30 years with an expected final maturity date of August 15, 2056.</li> </ul>

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<ul style="list-style-type: none"> <li>• Debt Service Structure – escalating debt service permitted if modest and better matches forecasted revenues.</li> <li>• Optional Prepayment – long-term debt should include an option call provision; County will evaluate additional cost demanded of investors.</li> <li>• Capitalized Interest – should be minimized.</li> <li>• Reserve Fund – generally consistent with federal tax law.</li> <li>• Credit Enhancement – benefits should outweigh costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Debt service escalates at 2% per year in tandem with increasing special tax rates imposed on taxable parcels within the IA No. 1 (consistent with prior County CFD bond issuances); bonds are structured with 110% debt service coverage after factoring in the County’s costs to administer the CFD.</li> <li>• Bonds are expected to be optionally callable in 7 years at 103% declining to 100% in 10 years.</li> <li>• No capitalized interest.</li> <li>• Reserve Fund is funded in cash from bond proceeds, sized to 125% of average annual debt service, and is consistent with federal tax law.</li> <li>• Bonds are unrated and credit enhancement is not available.</li> </ul>
<p><b>Method of Sale</b> – Public Finance will recommend the appropriate method of sale based on the specific offering and market conditions, seeking advice from the County’s municipal advisor.</p>	<p>As is typical of unrated CFD bond issuances, the Bonds will be sold on a negotiated basis. Through the County Underwriter Pool, the County engaged Piper Sandler &amp; Co. as Sole Manager.</p>

**Table 9 – Land Secured Financing Policy Compliance**

<b>Applicable Land Secured Financing Policy</b>	<b>Compliance Discussion</b>
<p><b>Project Viability</b></p> <ul style="list-style-type: none"> <li>• Land use determination must have progressed to a point that the County can adequately assess and determine land uses and facility requirements.</li> <li>• Facilities priority are County facilities ahead of other public agency facilities.</li> <li>• Generally, development impact fees not financed.</li> <li>• Regional benefit prioritized over local subdivision benefit.</li> </ul>	<ul style="list-style-type: none"> <li>• See the Section above Entitlements &amp; Development Status, vertical development has begun and final maps for all taxable units are recorded.</li> <li>• While the County has the largest share of Eligible Costs summarized in Table 2, due to a current Developer obligation to CUSD, the majority of proceeds on the Bonds are expected to be used to fund school improvements. Therefore, bonds issued from future improvement areas of CFD 2025-1 will have a higher proportion of County facilities.</li> <li>• No development impact fees of the County are financed.</li> <li>• The facilities financed by the Bonds predominantly are of benefit beyond the local subdivision.</li> </ul>
<p><b>Value-to-Lien Ratio</b></p> <ul style="list-style-type: none"> <li>• Value of the property subject to the special tax to pay debt service on the bonds will be at least three times the principal amount of the sum of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax or assessment on property within the CFD.</li> <li>• The proposed bonds do not present any unusual credit risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Table 7 demonstrates that the Value-to-Lien ratio exceeds 3:1</li> <li>• Upon buildout, the Property values subject to the Special Tax within IA No. 1 will be substantially greater than the CFD lien. The greatest risk is during the development stage before homes are conveyed to home buyers. However, almost all the property has been conveyed to Merchant Builders and the earlier phases of Rancho Mission Viejo (which include CFDs) have a demonstrated history of success.</li> </ul>
<p><b>Special Tax Formula (also known as the RMA)</b></p> <ul style="list-style-type: none"> <li>• Reasonable basis for the apportionment of the special tax</li> <li>• Total Tax Burden (defined as the sum of ad valorem taxes, special taxes and assessments, fees and charges</li> </ul>	<ul style="list-style-type: none"> <li>• The Special Tax was apportioned by tax class in accordance with the square footage of the home by product type, with a two-tiered tax rate of not greater than 2.00% Total Tax Burden on market rate</li> </ul>

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<p>projected on a homebuyer tax bill divided by the projected base home price) is not greater than 2%</p> <ul style="list-style-type: none"> <li>• The RMA must be structured to produce revenues sufficient to fund bond debt service at 110% coverage after factoring in County administrative costs</li> <li>• Property owner must demonstrate ability to pay their special taxes on undeveloped land in the CFD.</li> </ul>	<p>development and a lower tax rate (generally closer to 1.80%) for age-qualified development.</p> <ul style="list-style-type: none"> <li>• The tax apportioned to the Multi-Unit For-Rent Property has a 7:1 value-to-lien ratio as an undeveloped property.</li> <li>• Bonds are structured to provide 110% debt service coverage after County administrative costs.</li> <li>• All property owners have demonstrated development experience with a history of timely payment of their special tax obligations.</li> </ul>
<p><b><u>Disclosures</u></b></p> <ul style="list-style-type: none"> <li>• Each owner shall supply all material information to comply with any applicable federal and state securities laws</li> </ul>	<ul style="list-style-type: none"> <li>• Among other certifications, the Developer will deliver a letter of representation to the County and the Underwriter that information provided for the bond disclosure is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.</li> </ul>
<p><b><u>Appraisals &amp; Market Absorption</u></b></p> <ul style="list-style-type: none"> <li>• Prior to issuance, an estimate of the market value of the land subject to the Special Tax within the CFD will be conducted in accordance with County Appraisal Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• See the Section “Property Appraisal” above, the County retained an independent Appraiser to conduct an appraisal of the taxable property in IA No. 1.</li> <li>• See also the Section “Market Absorption Study,” given the undeveloped status of much of the taxable property in IA No. 1, the County also retained Empire Economics to conduct a market absorption study.</li> </ul>

**CONCLUSION**

Based on the Summary in Part 2 above, CSG Advisors Incorporated concludes that the proposed Bonds meet or exceed the applicable County Debt Policies.