

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUE—BOOK-ENTRY ONLY

NO RATING

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption "TAX EXEMPTION" with respect to tax consequences relating to the Bonds.

\$2,035,000*

CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT 2015-5 (TRIESTE)
SPECIAL TAX BONDS, SERIES 2017

Dated: Delivery Date

Due: September 1, as shown on inside cover page

The Bonds. The City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) Special Tax Bonds, Series 2017 (the "Bonds") are being issued by the City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) (the "District") to (i) finance a portion of certain public facilities eligible to be financed by the District, (ii) fund a reserve account for the Bonds and (iii) pay costs of issuing the Bonds. The Bonds are authorized to be issued by the District pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the "Act"), and pursuant to that certain Bond Indenture, dated as of August 1, 2017 (the "Indenture"), by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee").

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described in this Official Statement. Interest on the Bonds will be payable on March 1, 2018, and each March 1 and September 1 thereafter. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

Redemption Prior to Maturity. The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity. See the caption "THE BONDS—Redemption."

Security for the Bonds. The Bonds are payable from Net Taxes (as defined in this Official Statement) derived from an annual Special Tax (as defined in this Official Statement) to be levied on taxable parcels within the district and from certain other funds held under the Indenture, all as further described in this Official Statement.

The Special Tax is levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes" and Appendix A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Existing Parity Bonds; Future Parity Bonds. The Bonds are secured by a pledge of and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account). The District has covenanted in the Indenture not to issue additional indebtedness payable on a parity basis with the Bonds except to refund all or a portion of the Bonds or any other Parity Bonds (as defined in this Official Statement).

Limited Obligation. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES AND PREPAYMENTS AND OTHER MONEYS HELD UNDER THE INDENTURE, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Risk Factors. Investment in the Bonds involves risks that are not appropriate for certain investors. Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the caption "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Bonds.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Leibold McClendon, & Mann, Irvine, California, Issuer Counsel, and by Jones Hall, A Professional Law Corporation, Disclosure Counsel, and for the Underwriter by Nossaman LLP. It is anticipated that the Bonds in book-entry form will be available for delivery on or about [____], 2017.

[STIFEL LOGO]

Dated: [____], 2017

* Preliminary; subject to change.

\$[_____]]
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
SPECIAL TAX BONDS, SERIES 2017

MATURITY SCHEDULE

BASE CUSIP®†

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP®†
\$[_____] [_____] % Term Bonds Due September 1, 20[_____] – Yield [_____] % Price [_____] % CUSIP®† [_____]					
\$[_____] [_____] % Term Bonds Due September 1, 20[_____] – Yield [_____] % Price [_____] % CUSIP®† [_____]					

*** Preliminary; subject to change.**

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**CITY OF LAKE ELSINORE
COUNTY OF RIVERSIDE, CALIFORNIA**

CITY COUNCIL

Robert Magee, *Mayor*
Natasha Johnson, *Mayor Pro Tem*
Daryl Hickman, *Councilmember*
Steve Manos, *Councilmember*
Brian Tisdale, *Councilmember*

CITY ADMINISTRATORS

Grant Yates, *City Manager*
Jason Simpson, *Assistant City Manager*

PROFESSIONAL SERVICES

Leibold McClendon & Mann
Irvine, California
Issuer Counsel

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

Jones Hall, A Professional Law Corporation
San Francisco, California
Disclosure Counsel

Wilmington Trust, National Association
Costa Mesa, California
Trustee

SCG - Spicer Consulting Group
Murrieta, California
Special Tax Consultant

Urban Futures Incorporated
Orange, California
Financial Advisor

Kitty Siino & Associates, Inc.
Tustin, California
Appraiser

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described in this Official Statement since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption "THE COMMUNITY FACILITIES DISTRICT."

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

The City maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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[INSERT MAP of the District]

\$2,035,000*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
SPECIAL TAX BONDS, Series 2017

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the “**Official Statement**”), is to provide certain information concerning the issuance by the City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) (the “**District**”) of its Special Tax Bonds, Series 2017 (the “**Bonds**”). The proceeds of the Bonds will be used to (i) finance a portion of certain public facilities eligible to be financed by the District, (ii) fund a reserve account for the Bonds and (iii) pay costs of issuing the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “**Act**”), and a Bond Indenture, dated as of August 1, 2017 (the “**Indenture**”), by and between the District and Wilmington Trust, National Association, as Trustee (the “**Trustee**”).

The Special Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the Bonds are secured by a pledge of and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account).

The District may issue additional bonds secured by and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account) on a parity basis with the Bonds (“**Parity Bonds**”), but only for the purpose of refunding the Bonds or any Parity Bonds.

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined have the meanings set forth in Appendix D.

The Act

The District was formed, and the District is issuing the Bonds, under the Act.

The Act was enacted to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body.

Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

* Preliminary; subject to change.

The City and the District

City. The City is located in the western portion of Riverside County (the “**County**”), California (the “**State**”). More information about the City is found in Appendix B - “Economic and Demographic Information Regarding the City of Lake Elsinore.”

District. The District contains a total of approximately 12.98 gross acres and consists of the neighborhood under development known as Trieste, a planned residential community located in the northeast portion of the City, to the east of Lake Elsinore. The neighborhood is within the Ramsgate Specific Plan which encompasses a 1,366.2-acre area and originally provided for up to 2,759 dwelling units. Far West Industries, a California corporation (“**Far West**”), serves as the master developer and primary merchant builder. At build-out, the Trieste project is expected to include approximately 75 dwelling units. See “Current and Proposed Development within the District” below.

See the caption “THE COMMUNITY FACILITIES DISTRICT - General Description of the District” for further information with respect to the District.

Current and Proposed Development Within the District

Public Infrastructure. The public infrastructure is completely built in the District. Proceeds of the Bonds will be used to finance capacity or connection fees related to the proposed development in the District.

Private Development. The single-family residential lots in the District are being developed by Far West, as the primary merchant builder.

A summary of planned units and property development in the District as of July 10, 2017, is set forth below:

Construction Stages	Total
Model Units	
Completed	3
Under Construction	0
Production Units	
Completed	47*
Under Construction	25
<hr/>	
Total Planned Units	75

*All 47 are owned by individual homeowners; 3 dwelling units owned by Far West are complete or over 95% complete.

Source: Special Tax Consultant and Far West.

Ownership by Far West. As of July 10, 2017, 47 homes had been built and closed to individual purchasers, and Far West owned the following units within the District:

- 3 completed model homes (2 are in escrow)
- 25 homes less than 95% complete (22 are in escrow).

In fiscal year 2017-18, the property owned by Far West in the District is expected to be responsible for approximately 37% of the estimated Special Tax levy.

See “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT” for more detailed information about the current and proposed development in the District.

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term “**Special Tax**” means the annual Special Tax which has been authorized pursuant to the Act and the Rate and Method to be levied upon taxable property within the District. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and Appendix A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Under the Indenture, the District will repay the Bonds from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “**Net Taxes**”) and from other amounts in the Special Tax Fund (including the Reserve Account, Redemption Account, Principal Account and Interest Account, and exclusive of the Administrative Expense Account), established under the Indenture.

Funds Held by the Trustee. The Special Taxes are the primary source of security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account, Redemption Account, Principal Account and Interest Account, as established by the Indenture, to the limited extent described in the Indenture. See the caption “SOURCES OF PAYMENT FOR THE Bonds—Accounts of the Special Tax Fund.”

Foreclosure Proceeds. The District has covenanted for the benefit of the owners of the Bonds to undertake judicial foreclosure in certain instances. See the caption “SOURCES OF PAYMENT FOR THE BONDS - Proceeds of Foreclosure Sales; Covenant to Foreclose.”

EXCEPT FOR THE NET TAXES AND OTHER MONEYS HELD IN THE SPECIAL TAX FUND (NOT INCLUDING THE ADMINISTRATIVE EXPENSE ACCOUNT), NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Far West Cash Deposit

As security for its obligation to pay Special Taxes for a limited period of time, Far West has committed to provide the District with a cash deposit (the “**Cash Deposit**”). The Cash Deposit will be held by the Trustee. The Cash Deposit was provided on [____], 2017 in the amount of \$110,202.03. ***The Cash Deposit is not pledged under the Indenture as security for the Bonds and the District could instruct the Trustee to release the Cash Deposit at any time without the consent of the Owners or Beneficial Owners of the Bonds.***

See the caption “FAR WEST CASH DEPOSIT.”

Parity Bonds. The District may issue additional indebtedness secured and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account) on a parity basis with the Bonds, but only for the purpose of refunding all or a portion of the Bonds and any Parity Bonds.

See the caption “SOURCES OF PAYMENT FOR THE Bonds— Existing and Future Parity Bonds.”

Other Taxes and Assessments. Property in the District is subject to other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes, and additional such taxes and/or special assessments may be levied in the future. These other taxes and/or special assessments, when combined with the Special Taxes, could adversely impact the willingness of the District landowners to pay the Special Taxes when due. See the captions “THE COMMUNITY FACILITIES DISTRICT —Direct and Overlapping Indebtedness” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to actual purchasers of the Bonds (the “**Beneficial Owners**”) in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described in this Official Statement is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See Appendix G—“BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See Appendix G—“BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as described in this Official Statement. See the caption “THE BONDS—Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see the caption “THE BONDS” and Appendix D—“SUMMARY OF THE INDENTURE.”

Tax Exemption

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

Set forth in Appendix C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of Bond Counsel’s opinion and certain tax consequences incident to the ownership of the Bonds, see the caption “TAX EXEMPTION.”

Appraisal Report

Initial Appraisal Report. An MAI appraisal of the land and existing improvements within the District was prepared Kitty Siino & Associates, Inc., Tustin, California (the “**Appraiser**”). The appraisal is dated May 22, 2017 and is entitled “Appraisal Report City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste)” (the “**Appraisal Report**”). See “THE COMMUNITY FACILITYIES DISTRICT - Appraisal Report” and APPENDIX H — “APPRAISAL REPORT.”

The Appraisal Report provides an estimate of the minimum market value of the taxable property within the District as of the date of value, May 15, 2017 (the “**Date of Value**”). The Appraisal Report reached the following market value conclusions:

Ownership Status	Total	Minimum Market Value
Far West Owned	39	\$6,490,000
Individually Owned	36	\$12,931,750
Total	75	\$19,421,750

See “THE COMMUNITY FACILITIES DISTRICT - Appraisal Report” and APPENDIX H - “APPRAISAL REPORT”.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“**EMMA**”), maintained on the Internet at <http://emma.msrb.org>, certain annual financial information and operating data and notices of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (“**Rule 15c2-12**”). See Appendix E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Far West has agreed to provide, or cause to be provided, to EMMA certain information relating to Far West and the property that Far West owns within the District until such time as Far West is no longer responsible for more than 20% of the Special Tax levy. See Appendix F - “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the caption "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth in this Official Statement, in evaluating an investment in the Bonds. The purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some types of investors.

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") is the Underwriter of the Bonds. All proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed on for the City and the District by Leibold McClendon & Mann, Irvine, California, Issuer Counsel, and by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel, and for the Underwriter by Nossaman LLP, Irvine, California. Other professional services have been performed by SCG - Spicer Consulting Group, Murrieta, California, as Special Tax Consultant (the "**Special Tax Consultant**"), Kitty Siino & Associates, Inc., Tustin, California, as Appraiser (the "**Appraiser**") and Urban Futures Incorporated, Orange, California, as Financial Advisors (the "**Financial Advisor**").

For information concerning circumstances in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see the caption "FINANCIAL INTERESTS."

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Indenture, the Bonds and the Constitution and laws of the State, as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined in this Official Statement have the meanings set forth in Appendix D.

Copies of the Indenture and other documents and information are available for inspection and copies may be obtained from the City, 130 S. Main Street, Lake Elsinore, California, 92530, Attention: City Clerk.

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ESTIMATED SOURCES AND USES OF FUNDS

The District is issuing the Bonds to finance a portion of certain public facilities eligible to be financed by the District, fund a reserve account for the Bonds, and pay costs of issuing the Bonds.

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds

Principal Amount of Bonds	\$[_____]
Plus [Net Original Issue Premium]	[_____]
<i>Total Sources</i>	\$[_____]

Uses of Funds:

Costs of Issuance Account of the Acquisition and Construction Fund ⁽¹⁾	\$[_____]
Acquisition and Construction Fund	[_____]
Reserve Account of the Special Tax Fund	[_____]
Underwriter's Discount	[_____]
<i>Total Uses</i>	\$[_____]

⁽¹⁾ To pay costs of issuance, including legal fees, printing costs, Special Tax Consultant and Trustee fees.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on March 1, 2018, and each September 1 and March 1 thereafter (each, an “**Interest Payment Date**”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day (each, a “**Record Date**”) but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bonds, interest is in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment, or,

if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the Interest Payment Dates 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 Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds.

The principal of and premium, if any, on the Bonds are payable to the Registered Owner of the Bond in lawful money upon presentation and surrender of the Bond at the Principal Office of the Trustee, initially Wilmington Trust, National Association.

The Bonds are issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee for the DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming that there are no optional or special mandatory redemptions. See the caption "—Redemption" below.

<i>Date (September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
Total	\$[_____]		

Source: Underwriter.

Redemption

Optional Redemption. The Bonds may be redeemed at the option of the District from any source of funds on any Interest Payment Date on or after September 1, 20__, in whole or in part from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
Any Interest Payment Date through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any interest payment date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District will give written notice to the Trustee of its election to so redeem, the redemption date and the maturity dates of the Bonds to be redeemed. The notice to the Trustee will be given at least 30 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

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

Term Bonds Maturing September 1, 20__

**Sinking Fund Redemption Date
(September 1)**

Sinking Payments

†

† _____
Maturity.

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Payments

\$

†

† _____
Maturity.

If the District purchases Term Bonds during the fiscal year immediately preceding one of the sinking fund redemption dates specified above, the District shall notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Term Bonds purchased by the District will be canceled pursuant to the Indenture.

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

Special Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to special mandatory redemption as a whole or in part on a pro rata basis among maturities, and by lot within a maturity, on any Interest Payment Date on and after March 1, 2018 from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to the Indenture and amounts transferred from the Reserve Account of the Special Tax Fund in connection with such prepayment. Such special mandatory redemption of the Bonds will be at the following redemption prices, expressed as percentages of the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption:

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

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for

notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

At least 30 days but no more than 45 days prior to the redemption date, the Trustee will mail a copy of such notice of redemption, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of any Bonds; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice will be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any Bond or Parity Bond of notice of such redemption will not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties and the Owner will not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice will be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption will be sent not later than the date that notice of redemption is mailed to the Owners by first class mail or facsimile to the Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds as determined by the Trustee and to one or more of the national information services that the Trustee determines are in the business of disseminating notice of redemption of obligations such as the Bonds.

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

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

Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Trustee will treat such Bonds, as applicable, as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds.

The Trustee will promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption.

Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity.

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture, anything in the Indenture or in the Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds will be paid to the Owners thereof;

(c) as of the redemption date the Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Registration, Transfer and Exchange

Registration. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Subject to the limitations set forth in the following paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the owner or his or her duly authorized attorney.

Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Trustee will collect from the owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds will be surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee will not be

required to register transfers or make exchanges of: (i) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Special Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the Bonds are secured by a pledge of and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account).

The Indenture defines the following terms:

Special Taxes: the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the July 26, 2016 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount shall no longer be pledged hereunder to the payment of the Bonds.

Gross Taxes: the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to foreclosure for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

Net Taxes: Gross Taxes minus amounts set aside to pay Administrative Expenses.

Prepayments: any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method.

The Bonds are secured by a pledge of and payable from Net Taxes and other amounts in the Special Tax Fund (not including amounts in the Administrative Expense Account) on a parity basis with any future Parity Bonds.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein).

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES AND THE PREPAYMENTS AND OTHER MONEYS HELD UNDER THE INDENTURE, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE

BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Special Taxes

At a special election held on July 26, 2016, the qualified electors within the District authorized the District to incur indebtedness in an amount not to exceed \$2,700,000 and approved the rate and method of apportionment of special tax for the District (the “**Rate and Method**”). See “THE COMMUNITY FACILITIES DISTRICT - History of the District.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” There is no assurance that the Net Taxes will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS—Insufficiency of Special Taxes.”

Rate and Method of Apportionment of Special Tax. The District is legally authorized to levy the Special Taxes in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below. The full text of the Rate and Method is set forth in Appendix A.

Property to be taxed pursuant to the Rate and Method of Apportionment is classified as “**Taxable Property**.” Taxable Property consists of the following categories:

“**Developed Property**”: all Assessor’s Parcels of Taxable Property that: (i) are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied and (ii) a building permit was issued on or before March 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“**Undeveloped Property**”: all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property, Public Property or Property Owner’s Association Property.

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

“**Property Owner’s Association Property**”: all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed,

dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

The amount of Special Tax that the District may levy is limited by the Maximum Special Tax rates set forth in the Rate and Method. The Maximum Special Tax for each Assessor's Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Annual Special Tax or (ii) the amount derived by application of the Backup Annual Special Tax.

Estimated Fiscal Year 2017-18 Special Tax Levy by Land Use. The following table presents the estimated Special Tax levy for fiscal year 2017-18 for each parcel in the District by land use.

**TABLE 1
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2017-18**

Land Use Type	Residential Floor Area (sq. ft.)	Assigned Special Tax Rate FY 2017-18	Estimated Special Tax Rates FY 2017-18(1)	No. of Units	Aggregate Estimated Special Taxes FY 2017-18	Percent of Total
Residential Property	< 2,400	\$1,996.77	\$1,860.30	20	\$39,935.40	24.8%
Residential Property	2,400 - 2,600	\$2,088.68	\$1,945.93	25	\$52,217.00	32.5
Residential Property	> 2,600	\$2,287.65	\$2,131.30	30	\$68,629.50	42.7
Multi-Family Property	N/A	\$19,631.37	\$19,631.37		\$0.00	0.0
Approved Property	N/A	\$19,631.37	\$19,631.37		\$0.00	0.0
Total				75	\$160,781.90	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$35,000.
Source: Special Tax Consultant.

For each fiscal year, the City Council will determine the Special Tax Requirement. The Special Tax will be levied pursuant to the Rate and Method on each Assessor's Parcel of Taxable Property, up to the applicable Maximum Special Tax, to satisfy the Special Tax Requirement. *Notwithstanding the foregoing, under no circumstances will the Special Taxes levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels within the District by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults.*

The Rate and Method provides that Special Taxes may be prepaid in whole under the circumstances described in Section G of the Rate and Method.

Estimated Debt Service Coverage. In connection with the issuance of the Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each fiscal year on Assessor's Parcels within the District classified as Taxable Property as of March 1, 2018 will be at least equal to the sum of: (i) 110% of Maximum Annual Debt Service on the Bonds; plus (ii) estimated Administrative Expenses of \$35,000 escalating at 2.00% per year for each Bond Year). Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

The Rate and Method provides that the Special Tax may not be levied on a parcel of Taxable Property after fiscal year 2057-58.

See the caption “SPECIAL RISK FACTORS—Proposition 218” for a discussion of certain provisions of State law that could allow property owners within to reduce the maximum amount of Special Taxes that may be levied.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District for the initial fiscal year in which the Special Taxes are levied.

The Special Taxes were not levied on any property in the District for fiscal year 2016-17. The first year in which the Special Taxes will be levied is fiscal year 2017-18.

The District has covenanted in the Indenture that it will fix and levy the amount of Special Taxes within the District required (i) for the payment of principal of and interest on any outstanding Bonds and any Parity Bonds becoming due and payable during the ensuing year (taking into consideration anticipated delinquencies), and (ii) to pay the Administrative Expenses during such year, all in accordance with the Rate and Method.

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See the captions “THE COMMUNITY FACILITIES DISTRICT —Direct and Overlapping Indebtedness” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.” There is no assurance that property owners in the District will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described under the caption “SPECIAL RISK FACTORS.”

Proceeds of Foreclosure Sales; Covenant to Foreclose. The net proceeds received following a judicial foreclosure sale of property within the District resulting from a property owner’s failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds and any Parity Bonds under the Indenture, from all proceeds remaining after payment of Administrative Expenses.

The District has covenanted for the benefit of the owners of the Bonds and any Parity Bonds that it will:

(i) commence judicial foreclosure proceedings against parcels in the District with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of each fiscal year of the District ending June 30 (each, a “Fiscal Year”) in which such Special Taxes were due,

(ii) commence judicial foreclosure proceedings against all parcels in the District 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 Tax levied; and

(iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District 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.

The District has further covenanted that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed unless the foreclosure proceedings produce sufficient net foreclosure sale proceeds.

There is no assurance that the property can be sold for the appraised values described in this Official Statement, or for a price sufficient to pay the principal of and interest on the Bonds and any Parity Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See the caption "SPECIAL RISK FACTORS—Appraised Value."

Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See the caption "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure." Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the net proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See the caption "SPECIAL RISK FACTORS—Appraised Value." Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

Far West Cash Deposit

Far West has committed to provide a Cash Deposit to secure payment of Special Taxes levied on the property in the District owned by Far West, for a limited period of time. The Cash Deposit will be held by the Trustee. ***The Cash Deposit is not pledged under the Indenture as security for the Bonds and the District could instruct the Trustee to release the Cash Deposits at any time without the consent of the Owners or Beneficial Owners of the Bonds.*** See "FAR WEST CASH DEPOSITS."

Flow of Funds under the Indenture

General. The City will deposit Special Taxes when received in the account established for the District and immediately thereafter transfer such amounts to the Trustee for deposit in the Special Tax Fund. Moneys in the Special Tax Fund will be held by the Trustee for the benefit of the District and the Owners of the Bonds and Parity Bonds, if any, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds and Parity Bonds, if any.

Except for Prepayments, which shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority:

First: To the Administrative Expense Account of the Special Tax Fund up to the Administrative Expenses Cap;

Second: To the Interest Account of the Special Tax Fund, an amount such that the balance in the Interest Account will be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date.

Third: To the Principal Account of the Special Tax Fund, an amount such that the balance in the Principal Account will at least equal the principal payment (including mandatory sinking payments, if any) due on the Bonds and any Parity Bonds on said Interest Payment Date.

Fourth: to the Redemption Account of the Special Tax Fund, an amount sufficient to pay the principal of and interest on and any premiums payable on Bonds and any Parity Bonds called for mandatory sinking fund redemption and optional redemption, in such order.

Fifth: To the Reserve Account of the Special Tax Fund, the amount, if any, necessary to cause the balance of the Reserve Account of the Bond Fund to equal the Reserve Requirement.

Sixth: to the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expense Cap.

Seventh: to the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.

Eighth: to the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers on September 1.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District will deposit in the Reserve Account and thereafter maintain in the Reserve Account an amount equal to the Reserve Requirement. “**Reserve Requirement**” is defined in the Indenture to mean, as of any date of calculation, the lesser of: (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District has covenanted that to the extent there is a draw upon the Reserve Account of the Special Tax Fund, or any reserve fund established for any Parity

Bonds as a result of delinquency in the collection of Special Taxes, the District will cause the Treasurer to effect the next annual levy of Special Taxes in an amount sufficient to replenish such delinquency and in addition to amounts that would be levied if there were no such delinquency.

Existing and Future Parity Bonds

The District has covenanted not to issue Parity Bonds except as provided in the Indenture and only for the purposes of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding.

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FAR WEST CASH DEPOSIT

The Cash Deposit is not pledged under the Indenture as security for the Bonds and the District could instruct the Trustee to release the Cash Deposit at any time without the consent of the Owners or Beneficial Owners of the Bonds.

Far West has committed to deposit cash with the Trustee (the “**Cash Deposit**”) to secure payment of Special Taxes levied on the property in the District owned by Far West. The Cash Deposit will identify the City as beneficiary and will be held by the Trustee.

The initial amount of the Cash Deposit is \$110,202.03, which is equal to two years of the Special Tax levy attributable to parcels owned by Far West, as of the date of issuance of the Bonds. During each fiscal year in which Far West is obligated to maintain the Cash Deposit, it must equal the estimated amount of Special Taxes to be levied on property owned by Far West, or its successors-in-interest (other than individual homeowners) during that fiscal year and the subsequent fiscal year. When Far West has conveyed 80% or more of the residential lots that it is developing within the District, the Cash Deposit will be released. Notwithstanding the foregoing, the District may release the Cash Deposit at any time.

[INSERT AERIAL PHOTOGRAPH]

THE COMMUNITY FACILITIES DISTRICT

General Description of the District

The District consists of the neighborhood under development known as Trieste, a planned residential community located in the northeast portion of the City, to the east of Lake Elsinore.

The District is within an area covered by the Ramsgate Specific Plan (the “**Specific Plan**”), which was originally adopted by the City Council in 2008. The Specific Plan encompasses a 1,366.2-acre area and originally provided for up to 2,759 dwelling units at buildout. The District is located within the Medium High Density area of the Specific Plan, which is approximately 65% built out. The District includes the development of 75 proposed units within Tract No. 36624, consisting of single-family residential lots on approximately 12.907 gross acres.

Status of Construction in the District

Public Infrastructure. All in-tract infrastructure necessary to complete the planned development for all 75 proposed units has been constructed.

Utilities. Water and sewer service to the property within the District is currently supplied by the Elsinore Valley Municipal Water District. Electricity is currently supplied by Southern California Edison, Stormwater drainage by the City, gas by Southern California Gas Company and telephone services by Frontier Communications.

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

Development of Single-Family Lots. Information about the ownership and planned development of the single-family residential lots in the District is set forth under the caption “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT.”

History of the District

On July 26, 2016, the City of Lake Elsinore (the “**City**”) formed the District by the adoption of Resolution No. 2016-091. On July 26, 2016, the qualified electors within the District voted in favor of the incurring of bonded indebtedness. The qualified electors authorized, among other things, the issuance of bonds in an amount not to exceed \$2,700,000, to finance public improvements. On July 26, 2016, the City Council, acting as the legislative body of the District, introduced Ordinance No. 2016-1362 (the “**Ordinance**”), which provides for the levy of special taxes consistent with the Rate and Method. The Ordinance was adopted on August 9, 2016.

Appraisal Report

Initial Appraisal. An MAI appraisal of the land and existing improvements within the District was prepared by Kitty Siino & Associates, Inc., Tustin, California (the “**Appraiser**”). The appraisal is dated May 22, 2017 and is entitled “Appraisal Report, City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste)” (the “**Appraisal Report**”). See APPENDIX H — “APPRAISAL REPORT.”

The Appraisal Report provides an estimate of the minimum market value of the as-is condition and ownership of the taxable property within the District as of the date of value, May 15, 2017 (the “**Date of Value**”).

Ownership Status	Total	Minimum Market Value
Far West Owned	39	\$6,490,000
Individually Owned	36	\$12,931,750
Total	75	\$19,421,750

The information in the table above is accurate as of the Date of Value; updated development and ownership information is included elsewhere in this Official Statement. See “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT.”

The Appraisal Report utilizes the following methods of valuation of the various properties in the District:

Individually owned homes: The analysis of the individually owned homes was conducted using a mass appraisal technique and utilized the concluded base price value for the homes, which is considered a minimum market value. The Appraisal Report notes that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes within the District.

Far West owned homes: As of the Date of Value, the Appraiser valued the 14 production homes over 95% complete and 25 homes under construction (under 95% complete) utilizing the Sales Comparison Approach to value. The homes under construction (under 95% complete) were valued as of the Date of Value on the basis of a finished lot rather than attributable to a partially complete improvement.

Updated Ownership Information. Ownership information as of July 10, 2017 is presented elsewhere in this Official Statement. See “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT.”

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. Certain of those taxes and assessments relate to direct and overlapping debt which is set forth in Table 2 below (the “**Debt Report**”). The Debt Report includes the principal amount of the Bonds.

The Debt Report has been derived from data assembled and reported to the District by the Special Tax Consultant as of May 15, 2017. Neither the District, the City nor the Underwriter has independently verified the information in the Debt Report or guarantees its completeness or accuracy.

The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or other special taxes. The Debt Report is included for general information purposes only.

**TABLE 2
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
DIRECT AND OVERLAPPING DEBT
AS OF MAY 15, 2017**

I. Appraisal Value ⁽¹⁾ \$19,421,750

II. Land Secured Bond Indebtedness

<u>Outstanding Direct and Overlapping Bonded Debt</u>	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 2015-5 ⁽³⁾	Amount Applicable
CITY OF LAKE ELSINORE CFD NO. 2015-5	CFD	\$2,035,000	\$2,035,000	100.000%	75	\$2,035,000*
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$2,035,000*

<u>Authorized but Unissued Direct and Overlapping Indebtedness</u>	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 2015-5 ⁽³⁾	Amount Applicable
CITY OF LAKE ELSINORE CFD NO. 2015-5	CFD	\$2,700,000	\$665,000	100.000%	75	\$665,000
ELSINORE VALLEY MUNICIPAL WATER DISTRICT CFD NO. 98-1	CFD	\$30,000,000	\$30,000,000	1.266%	75	\$379,678
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$1,044,678

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$3,079,678**

III. General Obligation Bond Indebtedness

<u>Outstanding Direct and Overlapping Bonded Debt</u>	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 2015-5 ⁽³⁾	Amount Applicable
METROPOLITAN WATER DEBT SERVICE	GO	\$850,000,000	\$110,420,000	0.001%	75	\$638
MT. SAN JACINTO JR. COLLEGE DEBT SERVICE	GO	\$70,000,000	\$70,000,000	0.018%	75	\$12,351
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$12,988

<u>Authorized but Unissued Direct and Overlapping Indebtedness</u>	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 2015-5 ⁽³⁾	Amount Applicable
METROPOLITAN WATER DEBT SERVICE	GO	\$850,000,000	\$0	0.001%	75	\$0
MT. SAN JACINTO JR. COLLEGE DEBT SERVICE	GO	\$295,000,000	\$225,000,000	0.018%	75	\$39,698
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$39,698

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$52,687***

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	\$2,047,988*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS	\$3,132,365*

IV. Ratios to Appraisal Value*

Outstanding Land Secured Bonded Debt 9.54:1
Total Outstanding Bonded Debt 9.48:1

⁽¹⁾ Based on the Appraisal Report as of May 15, 2017, date of value.

⁽²⁾ SCG - Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2015-5 for the referenced Fiscal Year 2017-18 issued

⁽³⁾ As of the date of the appraisal, May 15, 2017, all building permits were issued and included as developed property.

Source: Special Tax Consultant.

* Preliminary; subject to change.

Estimated Appraised Value-To-Lien Ratios

The total appraised value of the Taxable Property in the District as of the Date of Value is \$19,421,750. The aggregate estimated appraised value-to-lien ratio for the Taxable Property based on (i) the appraised values and (ii) the Bonds (there is no overlapping land-secured debt) is 9.54:1*.

The following tables describe the estimated appraised value-to-lien ratios for parcels of Taxable Property in the District based upon each parcel's share of the estimated fiscal year 2017-18 Special Taxes and overlapping land-secured debt.

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* Preliminary; subject to change.

**TABLE 3
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
ESTIMATED APPRAISED VALUE-TO-LIEN RATIOS ALLOCATED BY PROPERTY OWNER***

Property Owner⁽¹⁾	No. of Parcels	Appraised Property Value⁽³⁾	% of Appraised value	Maximum Tax	Percentage of Maximum Tax	Estimated FY 2017-18 Levy⁽⁴⁾	% of Estimated FY 2017-18 Levy	CFD 2015-5 Bonds⁽⁵⁾	Appraised Value-to-Lien Ratio*
Developed Individually Owned	36	\$12,931,750	66.58%	\$86,221	48.00%	\$77,151	47.98%	\$976,491	13.24:1
Developed Developer Owned ⁽²⁾	39	\$6,490,000	33.42%	\$93,406	52.00%	\$83,631	52.02%	\$1,058,509	6.13:1
Total	75	\$19,421,750	100.00%	\$179,627	100.00%	\$160,782	100.00%	\$2,035,000	9.54:1

- (1) Reflects ownership status of May 15, 2017, the Date of Value of the Appraisal. Ownership information as of July 10, 2017 is presented elsewhere in this Official Statement. See "CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT."
- (2) Reflects Appraised Value for 14 production homes over 95% complete and 25 homes under construction which have building permits issued and are therefore categorized as Developed Property under the Rate and Method.
- (3) Reflects the appraised value based on ownership status as of May 15, 2017, the date of value of the Appraisal.
- (4) Estimated Fiscal Year 2017-18 Special Tax Levy based upon development status as of May 15, 2017 and preliminary debt service with administration of \$35,000.
- (5) Includes the principal amount of the Bonds. The principal amount of the Bonds has been allocated based on the projected Fiscal Year 2017-18. Special Tax levy based on development status as of March 1, 2018.

Source: Special Tax Consultant.

* Preliminary; subject to change.

TABLE 4
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (TRIESTE)
FY 2016-17 ESTIMATED APPRAISED VALUE-TO-LIEN STRATA FOR DEVELOPED PROPERTY†

Value-to-Lien Category	No. of Parcels of Developed Property	% of Developed Property	Appraised Value ⁽¹⁾	% of Appraised Value	CFD 2015-5 Estimated FY 2017-18 Levy	Percent Share of Estimated FY 2017-18 Levy	CFD 2015-5 Bonds* ⁽²⁾	Percent Share of Bonds	Aggregate Value-to- Lien*
Less than 4.00:1 ⁽³⁾	25	33.33%	\$2,530,000	13.03%	\$53,762	33.44%	\$680,464	33.44%	3.72:1
Between 4.01:1 to 8.00:1	0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	0.00:1
Between 8.01:1 to 12.00:1	14	18.67%	\$3,960,000	20.39%	\$29,869	18.58%	\$378,045	18.58%	10.47:1
Greater than 12.01:1 ⁽³⁾	36	48.00%	\$12,931,750	66.58%	\$77,151	47.98%	\$976,491	47.98%	13.24:1
Totals	75	100.00%	\$19,421,750	100.00%	\$160,782	100.00%	\$2,035,000	100.00%	9.54:1

† Numbers may not add because of rounding.

(1) Reflects the appraised value for all developed homes as of May 15, 2017, the date of value of the Appraisal.

(2) The principal amount of the Bonds has been allocated based on the estimated FY 2017-18 special tax levy, based on development status as of March 1, 2018, and preliminary bond sizing as provided by the Underwriter.

(3) The minimum value to lien in the less than 4.00:1 category is 3.50:1. The maximum value to lien in the greater than 12.01:1 category is 13.88:1.
Source: Special Tax Consultant.

* Preliminary; subject to change.

Estimated Tax Burden on Single Family Home

The following table shows a sample property tax bill for a single parcel of Taxable Property in the District, based on estimated tax rates for fiscal year 2017-18.

Table 5
Fiscal Year 2017-18
Sample Property Tax Bill⁽¹⁾

Plan Type CFD Tax Category	Individually Owned ⁽²⁾	Tract 36624 (Trieste)			Average Parcel
		1 Less than 2,400 S.F.	2 2,400 to 2,600 S.F.	3 Greater than 2,600 S.F.	
Home Size	2,530	2,339	2,464	2,741	
Appraisal Price	\$359,215	\$350,850	\$357,280	\$366,390	\$358,434
Ad Valorem Property Taxes:					
General Purpose	\$3,592	\$3,509	\$3,573	\$3,664	\$3,584
Metro Water West (0.00350%)	\$13	\$12	\$13	\$13	\$13
Mt. San Jacinto Jr. College (0.01320%)	\$47	\$46	\$47	\$48	\$47
Total General Property Taxes	\$3,652	\$3,567	\$3,632	\$3,725	\$3,644
Assessment, Special Taxes & Parcel Charges:					
Flood Control Stormwater/Cleanwater/Santa Ana	\$4	\$4	\$4	\$4	\$4
Northwest Mosquito and Vector Control	\$11	\$11	\$11	\$11	\$11
MWD Standby Charge	\$10	\$10	\$10	\$10	\$10
Elsinore Valley CFD 98-1 Temescal Project	\$55	\$55	\$55	\$55	\$55
CSA #152 City of Lake Elsinore Stormwater	\$14	\$14	\$14	\$14	\$14
City of Lake Elsinore Citywide LLMD	\$25	\$25	\$25	\$25	\$25
City of Lake Elsinore LMD 1, Zone 15	\$170	\$170	\$170	\$170	\$170
City of Lake Elsinore CFD 2003-1 Public Safety	\$396	\$396	\$396	\$396	\$396
City of Lake Elsinore CFD 2006-5 Open Space	\$307	\$307	\$307	\$307	\$307
City of Lake Elsinore CFD 2015-5 ⁽³⁾	\$2,125	\$1,997	\$2,089	\$2,289	\$2,125
Total Assessments & Taxes	\$3,117	\$2,989	\$3,081	\$3,281	\$3,117
Projected Total Property Tax	\$6,769	\$6,556	\$6,713	\$7,006	\$6,761
Projected Effective Tax Rate	1.88%	1.87%	1.88%	1.91%	1.89%

(1) Reflects the appraised value based on ownership status as of May 15, 2017 date of value of the Appraisal.

(2) TR 36624 consists of 36 individually owned units. The average appraised value and square footage of individually owned units is included.

(3) Reflects estimated Fiscal Year 2017-18 Special Tax levy based on development as of March 1, 2018 and includes the Administrative Expenses Cap in the amount of \$35,000.

Source: Special Tax Consultant.

Concentration of Taxpayers

Based on the ownership and development status of the Taxable Property as of July 10, 2017 (and assuming no further development or sales to individual homeowners), approximately 37% of the estimated fiscal year 2017-18 Special Tax levy will be levied on property owned by Far West and the remaining approximately 63% will be levied on individual property owners.

Until the construction and sale of all homes to individual homeowners, the receipt of the Special Taxes is dependent, in part, on the willingness and the ability of Far West, or its successors, to pay the Special Taxes when due. See the caption “SPECIAL RISK FACTORS—Concentration of Property Ownership” for a description of the risks associated with a concentration of ownership within.

History of Special Tax Payments

Special Taxes will be levied in the District for the first time in fiscal year 2017-18.

CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT

The information about the property in the District contained in this Official Statement has been provided by representatives of Far West, and others, and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City, and the District make no representation as to the accuracy or adequacy of the information contained in this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds, or any bonds issued to refund the foregoing are personal obligations of Far West, or any affiliate thereof or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See the caption “SPECIAL RISK FACTORS.”

General Description of Development; Far West

Trieste. Far West acquired the property in the District in 2015 from the Lissoy Family Trust U/D/O June 17, 1996 (the sole shareholder of Far West Industries) by quitclaim. The Lissoy Family Trust had purchased the property from MBK Homes in 2014 for \$1.4 million. Far West has been the master developer and primary merchant builder within Trieste since its acquisition. Far West’s development within the District is planned for 75 residential dwelling units.

Entitlement Status. Far West reports that it has all the necessary entitlements to construct the 75 planned residential dwelling units.

Far West was a party to a Development Agreement with the City of Lake Elsinore related to the Trieste project, which vests Far West’s development of the property in the District in accordance with the Specific Plan (the “**Development Agreement**”). The Development Agreement expired on June 27, 2016, but all conditions were met prior to expiration.

Far West. Far West is a California Corporation. Its sole shareholder is the Lissoy Family Trust, U/D/O June 17, 1996. Far West is a privately-owned homebuilding and land development company that has diversified into commercial development. It has been in business since 1977.

Far West develops its communities using its own equity, has no equity partners in any of its deals and has no mezzanine debt on any of its holdings.

Since 2000, Far West has completed the construction and sale of 750 homes throughout Southern California and entitled over 1,500 additional residential lots. Communities currently under construction by Far West are located in the cities of Lake Elsinore, Signal Hill, Jurupa Valley and Palm Springs.

Ownership by Far West

As of July 10, 2017, Far West owned:

- 3 completed model homes (2 are in escrow)
- 25 homes less than 95% complete (22 are in escrow)

Status of Development

Current Status of Development. A summary of property development in the District as of July 10, 2017, is set forth below:

Construction Stages	Total
Model Units	
Completed	3
Under Construction	0
Production Units	
Completed	47*
Under Construction	25
Total Planned Units	75

*All 47 are owned by individual homeowners; 3 dwelling units owned by Far West are complete or over 95% complete.

Source: Special Tax Consultant and Far West.

Plan	Square Feet	Individually Owned*	Builder Owned**
1	2,339	9	4
2	2,464	14	4
3	2,714	16	3
Total		39	11

* Basic square footage used, not “enhanced” options, as described in the following section.

** One of each plan is a model home. In addition to the above detailed homes, there are 25 more under construction that are less than 95% complete.

Current Floor Plans of For-Sale Homes. Far West is currently offering three floor plans for the homes it is building and selling in the District:

Plan 1: The Plan 1 homes currently have a basic square footage of 2,339, and has an optional “enhanced” version which increases the square footage to 2,357.

Plan 2: Plan 2 has a basic square footage of 2,464, and has an optional “enhanced” version which increases the square footage to a total of 2,487.

Plan 3: Plan 3 has a basic square footage of 2,714 and does not offer an “enhanced” version.

Actual sales prices range from \$349,100 to \$416,639 for home sales that closed between November 30, 2016 and April 6, 2017. Base asking prices as of May 13, 2017 are from \$366,125 to \$376,000.

See “APPENDIX H - Appraisal Report” for additional information regarding the floor plans being offered.

Estimated Absorption Schedule. Far West expects that construction of the 39 residential dwelling units completed or still under construction (including the 6 finished lots) as of May 15, 2017 will be complete and conveyed to individual homeowners by the end of calendar year 2017, in accordance with the following table:

	6/15/17	6/30/17	7/31/17	8/31/17	9/30/17	10/31/17
Completed Homes						
<i>In Escrow</i>	8	0	9	0	0	0
<i>Closed Escrow</i>	39	47	47	66	66	75
Under Construction	25	25	16	6	6	0
Model Homes	3	3	3	3	3	0
Total:	75	75	75	75	75	75

There can be no assurance that Far West’s development plans described in this Official Statement will be completed or that the development plans will not be modified in the future. Additionally, there can be no assurances of the absorption rate of the homes remaining to be built and sold. In changing market conditions, builders will often revise their product lines and prices and the rate of sales can fluctuate. Far West continuously evaluates its product lines and prices in light of the then current market conditions.

Financing Plan

As of June 15, 2017, Far West expects its remaining home construction costs and other development, marketing and sales costs within the District to be approximately \$2,600,000.

To date, Far West has financed its land acquisition and various site development and home construction costs related to its property in the District with cash generated from its home building operations, a revolving construction loan in the original amount of \$7,525,000 originated by California Bank & Trust (of which \$2,228,168 is outstanding as of the date hereof), and where

necessary, internal corporate financing. Far West expects to finance its remaining home construction costs with a combination of the revolving construction loan, cash generated from its home building operations (including revenues generated from home sales in the District) and, where necessary, internal corporate financing.

Far West has informed the District that it has sufficient resources to complete build-out of the homes in the District. However, Far West has no legal obligation to Bond Owners to make any funds available to pay for the remaining development costs or to pay *ad valorem* property taxes or Special Taxes related to Far West's property in the District. Many factors beyond Far West's control, or a decision by Far West to alter its current plans, may cause the actual sources and uses to differ from the projections.

History of Far West's Property Tax Payments; Loan Defaults; Litigation; Bankruptcy

Far West has represented to the District as follows:

1. Except as described in this Official Statement, there is no material indebtedness of Far West that is secured by an interest in the Property (defined below). Far West is not in default on any obligation to repay borrowed money, which default is reasonably likely to materially and adversely affect Far West's ability to complete the development of the Property as proposed in this Official Statement or to pay the Special Taxes due with respect to the Property.

2. Except as set forth in this Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against Far West (with proper service of process or proper notice to Far West having been accomplished) or to the Actual Knowledge of Far West is threatened in writing against Far West which if successful, is reasonably likely to materially and adversely affect Far West's ability to complete the development of the Property as described in this Official Statement or to pay the Special Tax or *ad valorem* tax obligations on its property within the District when due.

3. Far West has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that Far West has been delinquent at one time or another in the payment of *ad valorem* property taxes, special assessments or special taxes. To the Actual Knowledge of Far West, Far West is not delinquent to any material extent in the payment of *ad valorem* property taxes, special assessments or special taxes on the Property. Except as disclosed in this Official Statement, to the Actual Knowledge of Far West, in the last five years, Far West has not, during the period of its ownership, been delinquent to any material extent in the payment of special assessments or special taxes on property owned by Far West that is included within the boundaries of a community facilities district or assessment district within California that (a) would have caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the Far West.

4. There are no Affiliates of Far West the financial viability of which could have a materially adverse impact on the ability of Far West to complete its development within the District as described in this Official Statement or to pay the Special Tax or *ad valorem* tax obligations on its Property when due.

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

“Actual Knowledge of Far West” shall mean the knowledge of the authorized officer of Far West signing the certificate containing the above representations (the “Far West Letter of Representations”) as of the date of the Far West Letter of Representations obtained from interviews with such current officers and responsible employees of Far West and its Affiliates as the authorized officer signing the Far West Letter of Representations has determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in the Far West Letter of Representations. The authorized officer of Far West signing the Far West Letter of Representations has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of Far West’s current business and operations.

“Affiliate” means, with respect to a Person (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to an evaluation of the District and the Bonds (i.e., information relevant to Far West’s development plans with respect to its Property and its payment of Special Taxes, or such Person’s assets or funds that would materially affect Far West’s ability to develop its Property as described in this Official Statement or to pay its Special Taxes).

“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.

“Control” (including the terms “controlling,” “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Property” means the property within the District held in the name of Far West.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and, therefore, the Bonds are not suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth in this Official Statement, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. The occurrence of one or more of the events discussed in this Official Statement could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed in this Official Statement could adversely affect the value of the property in the District. See the caption “—Appraised Value.”

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, wildfire, earthquakes and floods), which may result in uninsured losses. See the caption “—Natural Disasters.”

No assurance can be given that the individual landowners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “—Bankruptcy and Foreclosure” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Net Taxes and moneys in the Special Tax Fund (not including amounts in the Administrative Expense Account), neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City’s or the District’s property or upon any of the City’s or the District’s income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

The District’s legal obligations with respect to any delinquent Special Taxes are limited to: (i) payments from the Reserve Account to the extent of funds on deposit therein; and (ii) the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes are delinquent. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Proceeds of Foreclosure Sales; Covenant to Foreclose.” The Bonds cannot be accelerated in the event of any default.

The obligation to pay Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to such liens. See the caption “—Payment of the Special Tax is Not a Personal Obligation of the Landowners.” Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Superior Court of California, County of Riverside. There is no assurance that any current or subsequent owner of a parcel subject to a Special Tax lien will be able to pay the amounts due or that such owner will choose to pay such amounts even though financially able to do so.

Failure by owners of the parcels to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels that have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Bonds, which may in turn result in the depletion of the Reserve Account. See the caption “—Bankruptcy and Foreclosure.”

Insufficiency of Special Taxes

The Rate and Method governing the levy of the Special Tax establishes certain categories of property use that are not subject to the Special Tax. The Rate and Method also provides for prepayment of Special Taxes.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and to be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District were to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due, and a default could occur with respect to the payment of such principal and interest.

In the event of significant delinquencies causing a default in payment of debt service on the Bonds and depletion of all amounts on deposit in the Reserve Account, there would not be sufficient Special Taxes to pay the full amount of annual debt service on the Bonds until the delinquent Special Taxes were collected through foreclosure action or otherwise. See the caption “—Bankruptcy and Foreclosure” for a discussion of potential delays in foreclosure actions.

Natural Disasters

The land within the District, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. The occurrence of one of the foregoing natural disasters in the District could result in substantial damage to properties in the District, which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of natural disasters could result in a greater reliance on undeveloped property in the payment of Special Taxes.

Concentration of Property Ownership

Based on the ownership and development status of the Taxable Property within the District as of July 10, 2017 (and assuming no further development or sales to individual homeowners), approximately 37% of the estimated fiscal year 2017-18 Special Tax levy will be levied on property owned by Far West and the remaining approximately 63% will be levied on individual property owners.

Until the construction and sale of all homes to individual homeowners, the receipt of the Special Taxes is dependent, in part, on the willingness and the ability of Far West, or its successors, to pay the Special Taxes when due. Failure of Far West or its successors to pay the annual Special Taxes prior to delinquency could be a material factor in a default in payments of the principal of, and interest on, the Bonds, when due. See the caption “—Failure to Complete Proposed Development.”

No assurance can be given that Far West or its successors will complete the remaining construction and development in the District in the timeframe or for estimated costs predicted in this Official Statement or that they will complete it at all. See the caption “—Failure to Complete Proposed Development.” No assurance can be given that the individual homeowners, Far West or its successors will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “—Bankruptcy and Foreclosure” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Failure to Complete Proposed Development

As of the date of this Official Statement, all the public infrastructure has been built in the District, and only a portion of the home construction costs remain to be paid. See the caption “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT.”

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of Far West or any property owner to pay the Special Taxes when due. See the caption “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT” for a discussion of the remaining lots and homes to be developed and sold within the District.

No assurance can be given that the remaining proposed residential development will be partially or fully completed, and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and only partially improved. See the caption “CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT.”

There can be no assurance that property development within the District will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. In that event, there could be a default in the payment of principal of, and interest on, the Bonds, when due.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a significant reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of 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 taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The Appraiser, in its Appraisal Report, assumes that there are no hazardous substances in the District.

The District has not independently verified, but is not aware of, the presence of any hazardous substances within the District. Hazardous substance liabilities may arise in the future with respect to any of the parcels within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

Payment of the Special Tax is not a Personal Obligation of the Landowners

An owner of a parcel of Taxable Property is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the owner and its only remedy is to pursue judicial foreclosure on the delinquent parcel.

Appraised Value

The Appraisal Report attached in Appendix H estimates the market value of the taxable property within the District as of the stated date of value. This market value is merely the present opinion of the Appraiser as of such date, and is subject to the assumptions and limiting conditions stated in the Appraisal Report. The City has not sought the present opinion of any other appraiser of the value of the taxable parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion is a present opinion, based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the Taxable Property in the District could be sold for the estimated market value contained in the Appraisal Report if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

See the caption "SOURCES OF PAYMENT FOR THE BONDS —Special Taxes— Proceeds of Foreclosure Sales; Covenant to Foreclose."

Parity Taxes and Special Assessments

Property within the District is subject to taxes, charges and assessments imposed by public agencies other than the District that also have jurisdiction over the land within the District. See the caption "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation (the “**FDIC**”). See the captions “—Bankruptcy and Foreclosure” and “—FDIC/Federal Government Interests in Properties” below.

Neither the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the District. In addition, the landowners within the district may, without the consent or knowledge of the District or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within the District described in this Official Statement. See the captions “SOURCES OF PAYMENT FOR THE BONDS,” “THE COMMUNITY FACILITIES DISTRICT AND —Estimated Assessed Value-To-Lien Ratios” and “THE COMMUNITY FACILITIES DISTRICT AND —Direct and Overlapping Indebtedness.”

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the property is sufficient to justify payment may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, whether or not the owner was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and whether or not the owner, at the time of such a levy, has the ability to pay it as well as other expenses and obligations. The City has caused notices of the Special Tax to be recorded in the Office of the Recorder for the County against each parcel in the District. 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 property within the District or lending of money thereon.

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See the caption “SOURCES OF PAYMENT FOR THE Bonds—Special Taxes—Proceeds of Foreclosure Sales; Covenant to Foreclose,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See the captions “—Bankruptcy and Foreclosure” and “—FDIC/Federal Government Interests in Properties” below for a discussion of limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances and the policy of the FDIC regarding the payment of special taxes and assessments.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

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

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, 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 within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

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

District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

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

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

The District 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 Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See the caption "SOURCES OF PAYMENT FOR THE Bonds—Special Taxes—Proceeds of Foreclosure Sales; Covenant to Foreclose." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the United States Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the lien of the Special Taxes to become extinguished, the amount and priority of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in procuring Superior Court foreclosure proceedings. If enough parcels were involved in bankruptcy proceedings, court delays would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds and the possibility of delinquent tax installments not being paid in full.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments, including the Bonds, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

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 a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

No Acceleration Provision

Neither the Bonds, the Indenture nor the Act contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event that interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture and further subject to the prior lien of owners of Bonds, an owner is given the right for the equal benefit and protection of all owners of a series similarly situated to pursue certain remedies described in Appendix D.

Loss of Tax Exemption

As discussed under the caption "TAX EXEMPTION," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the District has covenanted in the Indenture, not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"). Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the Bonds were issued, as a result of acts or omissions of the City or the District in violation of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional or mandatory sinking fund redemption provisions of the Indenture.

Limited Secondary Market

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

Proposition 218

Proposition 218, an initiative measure entitled the "Right to Vote on Taxes Act" (the "**Initiative**"), was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIII C and XIII D to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C states that "...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that Article XIII C has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds. The provisions of the Initiative relating to the exercise of the initiative power have not been interpreted by the courts and no assurance can be given as to the outcome of any such litigation.

It may be possible, however, for voters of the District or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below an amount which is equal to the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction, or to limit the power of the District to levy the Special Taxes to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement, it will commence and pursue legal action in order to preserve its ability to levy Special Taxes in such amounts. However, no assurance can be given as to the enforceability of the foregoing covenants or as to the outcome of any legal action taken by the District.

The interpretation and application of Article XIIC and Article XIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See the caption “—Limitations on Remedies.”

Ballot Initiatives

Articles XIIC and XIID of the State Constitution were adopted pursuant to measures that qualified for the ballot pursuant to the State’s Constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995 in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by voters or legislation enacted by the State Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations.

Limitations on Remedies

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

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditors’ rights, by equitable principles, by the exercise of judicial discretion and by limitations or remedies against public agencies in the State. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under

the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the captions “—Bankruptcy and Foreclosure,” and “—FDIC/Federal Government Interests in Properties.”

Potential Early Redemption of Bonds from Prepayments

Property owners within the District are permitted to prepay their Special Taxes at any time. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date following the receipt of the prepayment.

CONTINUING DISCLOSURE

District Continuing Disclosure Certificate

General. Pursuant to a Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the “**Disclosure Certificate**”), executed by the District, the District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by December 31 of each year (the “**Annual Report**”), commencing December 31, 2017 for the report for the fiscal year ended June 30, 2017, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in Appendix E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 (“**Rule 15c2-12**”).

The requirement that the District file its audited financial statements, which constitute a part of the audited financial statements of the City, as a part of the Annual Report has been included in the Disclosure Certificate solely to satisfy the provisions of Rule 15c2-12. The inclusion of such information does not mean that the Bonds are secured by any resources or property of the City or any entity other than the District or that the Bonds are payable from any source other than Net Taxes and the other funds pledged under the Indenture. See the captions “SOURCES OF PAYMENT FOR THE Bonds” and “SPECIAL RISK FACTORS—Limited Obligations.”

Five-Year Compliance History. The District has not previously entered into any continuing disclosure obligations pursuant to which disclosure was required.

In addition, although the City and its affiliated entities other than the District (such as the Lake Elsinore Public Financing Authority, the City's former redevelopment agency and its successor agency, and other community facilities district formed by the City) are not obligated persons pursuant to Rule 15c2-12 with respect to the Bonds, during the last five years the City and such affiliated entities failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. The failures to comply include late filings with respect to several annual reports and incomplete filings with respect to other annual reports. The incomplete filings omitted one or more of the following items:

- (1) Comprehensive audited financial statements, including the audited financial statements for fiscal years 2011-12 through 2012-13, which were not linked on EMMA to all required CUSIPs until July 1, 2014;
- (2) Updated tabular and other operating information; and
- (3) Material event notices of changes in bond ratings.

The City and its affiliated entities have made additional filings to provide certain of the previously omitted information (including the existing ratings of the outstanding bonds).

In order to promote compliance by the District with its obligations under the District Continuing Disclosure Certificate, the City has retained SCG - Spicer Consulting Group to serve as the dissemination agent for the Bonds. Additionally, the City had adopted formal policies and procedures with respect to its continuing disclosure practices and has reported the failures to comply with its prior continuing disclosure obligations under the current Municipalities Continuing Disclosure Cooperation Initiative of the U.S. Securities Exchange Commission.

Far West Disclosure Certificate

Although the Underwriter has concluded that Far West is not an obligated person under Rule 15c2-12, Far West will execute a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**"), pursuant to which Far West has agreed to provide, or cause to be provided, on a semi-annual and annual basis, to EMMA, certain financial information and operating data concerning Far West's development within the District as well as notice of certain listed events until such time as Far West is no longer responsible for more than 20% of the Special Tax levy. A default under the Continuing Disclosure Certificate will not, in itself, constitute an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of Far West or the dissemination, as applicable, to comply with the Continuing Disclosure Certificate will be an action to compel performance. See Appendix F -- "FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE."

Neither the City or the District has any obligation to enforce the continuing disclosure undertakings of Far West.

Prior Disclosure Compliance by Far West. Far West has never been a party to an undertaking to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment district.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

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

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the 2016 Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof).

subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

LEGAL OPINION

The legal opinion of Bond Counsel approving the validity of the Bonds, in substantially the form set forth as Appendix C hereto, will be made available to purchasers of the Bonds at the

time of original delivery of the Bonds. Certain legal matters will be passed upon for the City and the District by Liebold McClendon & Mann, Irvine, California, Issuer Counsel, and by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel, for the Underwriter by Nossaman LLP, Irvine, California and for the Trustee by its counsel. Bond Counsel undertakes no responsibility to the purchasers of the Bonds for the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.[confirm]

NO RATING

The District has not made and does not contemplate making an application to any rating agency for the assignment of a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), pursuant to a Bond Purchase Agreement, dated [____], 2017 (the “**Bond Purchase Agreement**”), by and between the District and the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$[____] (being the \$[____].00 aggregate principal amount of the Bonds, less an Underwriter’s discount of \$[____] and plus net original issue premium of \$[____]). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL INTERESTS

The fees being paid to the Underwriter and its counsel, Bond Counsel, Disclosure Counsel and the Trustee are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Bonds.

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ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations, summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representatives of fact.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council of the City acting in its capacity as the legislative body of the District.

CITY OF LAKE ELSINORE COMMUNITY
FACILITIES DISTRICT NO. 2015-5 (Trieste)

By: _____
City Manager of the City of Lake Elsinore

APPENDIX A

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5 (Trieste)**

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF LAKE ELSINORE

The following information relating to the City of Lake Elsinore (the “City”) and the County of Riverside (the “County”), California (the “State”) is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.

General Description

The City was founded in 1883 and incorporated as a general law city effective April 23, 1888 in San Diego County. In 1893, the Elsinore Valley, previously located in San Diego County, became part of the new County of Riverside. The City encompasses approximately 43 square miles, with over 10 miles of lakeshore, and is located at the southwestern end of the County, 73 miles east of downtown Los Angeles and 74 miles north of downtown San Diego. As of January 1, 2017 the City’s population was approximately 62,092 people.

Population

The population of the City, the County and the State is shown below for 2013 through 2017.

City of Lake Elsinore, County of Riverside and State of California Population Estimates

Year (January 1)	City of Lake Elsinore	County of Riverside	State of California
2013	55,444	2,255,653	37,966,471
2014	56,688	2,280,191	38,357,121
2015	58,426	2,308,441	38,714,725
2016	60,876	2,348,213	39,189,035
2017	62,092	2,384,783	39,523,613

Source: *California Department of Finance estimates (as of January 1).*

Employment and Industry

The County of Riverside is a part of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”). The unemployment rate in the MSA was 5.3 percent in April 2017, down from a revised 5.3 percent in March 2017, and below the year-ago estimate of 5.7 percent. This compares with an unadjusted unemployment rate of 4.5 percent for California and 4.1

percent for the nation during the same period. The unemployment rate was 4.9 percent in Riverside County and 4.6 percent in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the County for the calendar years 2012 through 2016. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPLITAN STATISTICAL AREA
(Riverside and San Bernardino Counties)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)
March 2016 Benchmark

	2012	2013	2014	2015	2016
Civilian Labor Force ⁽¹⁾	1,882,900	1,897,000	1,919,900	1,956,600	1,987,400
Employment	1,665,600	1,710,500	1,763,300	1,828,400	1,870,200
Unemployment	217,300	186,500	156,600	128,200	117,200
Unemployment Rate	11.5%	9.8%	8.2%	6.6%	5.9%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	15,000	14,500	14,300	14,800	14,700
Mining and Logging	1,200	1,200	1,300	1,300	900
Construction	62,600	70,000	77,000	85,700	92,500
Manufacturing	86,700	87,300	90,200	96,100	98,900
Wholesale Trade	52,200	56,400	59,000	61,600	62,900
Retail Trade	162,400	164,800	168,700	174,300	179,000
Transportation, Warehousing & Utilities	73,900	79,400	87,300	97,400	104,400
Information	11,700	11,500	11,200	11,400	11,600
Finance & Insurance	26,000	26,500	26,500	26,900	27,300
Real Estate & Rental & Leasing	14,900	15,600	16,200	17,000	18,000
Professional & Business Services	127,500	132,400	137,800	147,400	145,800
Educational & Health Services	167,200	184,500	193,600	205,100	214,300
Leisure & Hospitality	129,400	135,900	144,300	151,700	159,700
Other Services	40,100	41,100	43,200	44,000	45,100
Federal Government	20,600	20,300	20,200	20,300	20,500
State Government	28,200	27,800	28,200	28,700	29,700
Local Government	175,800	177,100	180,400	184,400	190,400
Total, All Industries ⁽³⁾	1,193,300	1,246,400	1,299,500	1,367,900	1,415,400

(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) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table sets forth the top twenty employers located in the County:

COUNTY OF RIVERSIDE
Largest Employers (Listed Alphabetically)

As of June 2017

Employer Name	Location	Industry
Abbott Vascular Inc	Temecula	Physicians & Surgeons Equip & Supls-Whls
Amazon Fulfillment Ctr	Moreno Valley	Distribution Centers (whls)
Corona City Hall	Corona	Government Offices-City, Village & Twp
Corrections Dept	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Hemet Valley Medical Ctr	Hemet	Hospitals
Hotel At Fantasy Springs	Indio	Casinos
Inland Valley Medical Ctr	Wildomar	Hospitals
J W Marriott Desert Spgs Resrt	Palm Desert	Convention & Meeting Facilities & Svc
La Quinta Golf Course	La Quinta	Golf Courses
La Quinta Resrt-Club A Waldorf	La Quinta	Resorts
Morongo Resort & Spa	Cabazon	Casinos
Morongo Tribal Gaming Ent	Banning	Business Management Consultants
Parkview Community Hospital	Riverside	Hospitals
Pechanga Resort & Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside University Health	Moreno Valley	Hospitals
Robertson's Ready Mix	Corona	Concrete-Ready Mixed
Southwest Healthcare System	Murrieta	Hospitals
Starcrest Products	Perris	Gift Shops
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Universal Protection Svc	Palm Desert	Security Guard & Patrol Service
US Air Force Dept	March Arb	Military Bases

Source: State of California Employment Development Department; America's Labor Market Information System (ALMIS) Employer Database, 2017 2nd 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 2012 through 2016.

**CITY OF LAKE ELSINORE
COUNTY OF RIVERSIDE
Effective Buying Income
As of January 1, 2012 through 2016**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2012	City of Lake Elsinore	\$846,888	\$45,195
	County of Riverside	40,157,310	43,860
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Lake Elsinore	\$852,698	\$45,712
	County of Riverside	40,293,518	44,784
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Lake Elsinore	\$907,205	\$48,563
	County of Riverside	41,199,300	45,576
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Lake Elsinore	\$977,758	\$51,040
	County of Riverside	45,407,058	48,674
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Lake Elsinore	\$1,092,865	\$56,003
	County of Riverside	47,509,909	50,287
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

Source: The Nielsen Company (US), Inc.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2015 in the County were reported to be \$32,910,910,000, a 2.73% increase over the total taxable sales of \$32,035,687,000 reported during calendar year 2014. The following table shows total taxable retail sales, total taxable sales from all outlets and related number of permits in the County on an annual basis for calendar years 2011 through 2015. Annual figures for calendar year 2016 are not yet available.

COUNTY OF RIVERSIDE
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2011	33,398	\$18,576,285	46,886	\$25,641,497
2012	34,683	20,016,668	48,316	28,096,009
2013	33,391	21,306,774	46,805	30,065,467
2014	34,910	22,646,343	48,453	32,035,687
2015 ⁽¹⁾	18,662	23,281,724	56,846	32,910,910

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2015 in the City were reported to be \$765,716,000, a 5.17% increase over the total taxable sales of \$728,088,000 reported during calendar year 2014. The following table shows total taxable retail sales, total taxable sales from all outlets and related number of permits in the City on an annual basis for calendar years 2011 through 2015. Annual figures for calendar year 2016 are not yet available.

CITY OF LAKE ELSINORE
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2011	897	\$578,301	1,248	\$634,553
2012	923	604,846	1,274	665,409
2013	828	620,558	1,176	688,483
2014	809	647,941	1,176	728,088
2015 ⁽¹⁾	900	673,669	1,420	765,716

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: *California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

Construction Activity

Provided below are the building permits and valuations for the County and the City for calendar years 2012 through 2016.

COUNTY OF RIVERSIDE Total Building Permit Valuations (Valuations in Thousands)

	2012	2013	2014	2015	2016
Permit Valuation					
New Single-family	\$904,156.2	\$1,138,738.1	\$1,296,552.8	\$1,313,084.2	\$1,526,767.8
New Multi-family	87,878.6	138,636.0	178,116.7	110,458.4	106,291.8
Res. Alterations/Additions	<u>87,370.5</u>	<u>98,219.3</u>	<u>147,081.2</u>	<u>113,120.0</u>	<u>126,475.0</u>
Total Residential	1,079,405.3	1,375,593.4	1,621,750.7	1,536,742.6	1,759,534.6
New Commercial	508,192.8	263,837.7	197,674.9	211,785.1	583,023.5
New Industrial	26,432.5	141,184.4	161,321.1	180,521.3	59,439.2
New Other	11,115.5	109,795.2	128,666.9	204,554.1	583,002.7
Com. Alterations/Additions	<u>171,263.2</u>	<u>369,502.4</u>	<u>327,327.1</u>	<u>314,604.2</u>	<u>371,216.4</u>
Total Nonresidential	717,004.0	884,319.7	814,990.0	911,464.7	1,596,681.8
New Dwelling Units					
Single Family	3,720	4,716	5,007 <u>1,931</u>	5,007	5,662
Multiple Family	<u>909</u>	<u>1,427</u>			
TOTAL	4,629	6,143	6,938	6,196	6,701

Source: Construction Industry Research Board, Building Permit Summary.

CITY OF LAKE ELISNORE
Total Building Permit Valuations
(Valuations in Thousands)

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-family	\$17,061.9	\$113,359.4	\$79,497.9	\$75,724.5	\$120,449.1
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>858.0</u>	<u>502.0</u>	<u>661.4</u>	<u>254.5</u>	<u>762.7</u>
Total Residential	71,919.9	113,861.4	80,159.3	75,979.0	121,211.8
New Commercial	4,701.2	2,520.7	260.2	229.1	2,392.4
New Industrial	0.0	0.0	0.0	0.0	11,625.7
New Other	40.0	440.8	3,319.0	2,829.3	5,111.1
Com. Alterations/Additions	<u>3,300.5</u>	<u>1,301.5</u>	<u>1,811.0</u>	<u>2,821.3</u>	<u>1,725.1</u>
Total Nonresidential	8,041.7	4,272.0	5,390.2	5,879.7	20,854.3
<u>New Dwelling Units</u>					
Single Family	401	685	429	372	457
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>		
TOTAL	401	685	429	372	457

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

Easy access to job opportunities in the County and nearby Los Angeles, Orange and San Diego Counties is important to the County's employment figures. Several major freeways and highways provide access between the County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of the County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternative (to interstate 10) east-west link to Los Angeles County.

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe, and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified districts are Riverside Unified School District, Moreno Valley Unified School District and Corona-Norco Unified School District.

There are eight two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also two universities and a four-year college located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist College.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[To Come]

APPENDIX D

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

[TO COME]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated [____], 2017, is executed and delivered by City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) (the “District”) in connection with the issuance of the City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) Special Tax Bonds, Series 2017 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the City Council of the City of Lake Elsinore, acting as the legislative body of the District, on July [____], 2017 and a Bond Indenture, dated as of August 1, 2017 (the “Indenture”).

The District covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including a person holding Bond through a nominee, depository or other intermediary), or (b) is treated as the owner of any Bond for federal income purposes.

“City” shall mean the City of Lake Elsinore, County of Riverside, California.

“Disclosure Representative” shall mean the Director of Administrative Services of the City, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean, initially, SCG - Spicer Consulting Group, or any successor Dissemination Agent designed in writing by the District.

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

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

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

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated as the original underwriter of the Bonds required to comply with the Rule.

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

“Resolution of Formation” means the Resolution adopted by the City Council pursuant to which the City Council undertook certain change proceedings with respect to the District and established therein.

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

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

SECTION 3. Provision of Annual Reports.

(a) Not later than December 31 of each year commencing December 31, 2017, the District shall, or shall cause the Dissemination Agent to, provide to EMMA and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the District, then not later than 15 business days prior to the date referred to in the prior sentence hereof, the District shall provide the Annual Report (in a form suitable for filing with EMMA) to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

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

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

- (d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:
 - (i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and
 - (ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.
- (e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

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

(a) Financial Statements. The audited financial statements of the District, if any, for the prior fiscal year, 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 District's audited financial statements, if any are prepared, are not available by the time the Annual Report is required to be filed pursuant to Section 3, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available. For purposes of this section, the financial statements of the City shall not be deemed to be the financial statements of the District, unless such audited financial statements contain specific information as to such District, its revenues, expenses and account balances.

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

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

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

(iii) the aggregate assessed valuation of the Taxable Property within the District;

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

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

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

(vii) if Special Taxes are levied on Undeveloped Property, the amount of Special Taxes levied on Undeveloped Property and the amount of Special Taxes levied on Developed Property (as such terms are defined in the Rate and Method of Apportionment); and

(viii) an update of Table 3 and Table 4 of the Official Statement based upon the outstanding principal amount of the bonds issued by the District for the District, the most recent special Tax levy preceding the date of the Annual Report and the estimated assessed value of taxable property within the District; the tables should include such information about the owners of taxable property that are responsible for 5% or more the most recent Special Tax levy; the tables do not need to reflect Overlapping Land Secured Bonded Debt.

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
6. defeasances;
7. tender offers;
8. bankruptcy, insolvency, receivership or similar proceedings; and
9. ratings changes.

(b) Additionally, the District shall give or cause the Dissemination Agent to give notice to EMMA of the occurrence of any of the following events with respect to the Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
2. appointment of a successor or additional Trustee or the change of the name of a Trustee;
3. nonpayment related defaults;

4. modifications to the rights of Bondholders;
5. Bond calls; and
6. release, substitution or sale of property securing repayment of the Bonds.

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

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

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

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

SECTION 8. Amendment.

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent shall be paid (i) compensation by the District for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District pursuant to this Disclosure Certificate. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

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

CITY OF LAKE ELSINORE COMMUNITY
FACILITIES DISTRICT NO. 2015-5 (TRIESTE)

By:

Disclosure Representative

APPENDIX F

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE (Property Owner)

\$[_____]]
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5
(TRIESTE)

This Continuing Disclosure Certificate (Property Owner) (this “**Disclosure Certificate**”) is executed and delivered by the undersigned (the “**Property Owner**”) and SCG - Spicer Consulting Group as dissemination agent (the “**Dissemination Agent**”) in connection with the issuance by the City of Lake Elsinore (the “**City**”) of the bonds captioned above (the “**Bonds**”) with respect to Community Facilities District No. 2015-5 (Trieste), City of Lake Elsinore, County of Riverside, State of California (the “**District**”). The Bonds are being issued pursuant to a Resolution of Issuance adopted by the City Council of the City, acting as legislative body of the District on July [], 2017, and a Bond Indenture, dated as of August 1, 2017, (the “**Indenture**”), by and between the District and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

The Property Owner covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the Bonds.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, 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:

“*Affiliate*” means any person presently directly (or indirectly through one or more intermediaries) currently under managerial control of the Property Owner, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or the Property Owner’s ability to pay the Special Taxes related to the Property prior to delinquency).

“*Assumption Agreement*” means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the District), 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 its Affiliates and, at the option of the Property Owner or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“*Dissemination Agent*” means SCG - Spicer Consulting Group, or any successor Dissemination Agent designated in writing by the Property Owner, and which has filed with the

Property Owner, the City and the Trustee a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

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

“Major Owner” means, as of any Report Date, an owner of land in the District that is responsible in the aggregate for 20% or more of the Special Taxes in the District anticipated to be levied at any time during the then-current fiscal year.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information 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 Stifel, Nicolaus & Company, Incorporated, the original Underwriter of the Bonds.

“Periodic Report” means any Periodic Report provided by the Property Owner 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 the property owned by the Property Owner in the District.

“Report Date” means March 31 and September 30 of any fiscal year.

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

“Special Taxes” means the special taxes of the District levied on taxable property within the District.

Section 3. Provision of Periodic Reports.

(a) The Property Owner shall, or, upon written direction of the Property Owner the Dissemination Agent shall, not later than the Report Date, commencing March 31, 2018, file with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee (if different from the Dissemination Agent), the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Property Owner shall provide the Periodic Report to the Dissemination Agent (if different from the Property Owner). The Property Owner shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Property Owner), the Trustee (if different from the Dissemination Agent), 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

Trustee, the Participating Underwriter and the City may conclusively rely upon such certification of the Property Owner 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 does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Property Owner that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Property Owner 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 the Property Owner does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the Trustee (if other than the Dissemination Agent), the City, the Participating Underwriter and the Property Owner.

(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 the MSRB and file a report with the Property Owner (if the Dissemination Agent is other than the Property Owner), 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 the MSRB.

Section 4. Content of Periodic Reports. The Property Owner's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Property Owner or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Property Owner 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 B, the Property Owner'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) The Property Owner 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 the Property Owner and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Property Owner which is reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure 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 that such failure is not promptly cured by the Property Owner upon discovery thereof;

(iii) filing of a lawsuit of which the Property Owner is aware against the Property Owner or an Affiliate of the Property Owner seeking damages, which is reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

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

(v) any payment default or other material default by the Property Owner on any loan with respect to the construction of improvements on the Property.

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

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

Section 6. Duration of Reporting Obligation.

(a) All of the Property Owner's obligations hereunder shall commence on the date hereof and shall 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 property owned by the Property Owner is no longer responsible for payment of 20% or more of the Special Taxes, or

(iii) the date on which the Property Owner prepays in full all of the Special Taxes attributable to the Property.

The Property Owner 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) If a portion of the Property owned by the Property Owner, or any Affiliate of the Property Owner, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Property Owner hereunder with respect to the property in the District owned by such Major Owner and its Affiliates may be assumed by such Major Owner or by an Affiliate thereof, and the Property Owner's obligations hereunder with respect to such property will be terminated. In order to effect such assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement in form and substance reasonably satisfactory to the City and the Participating Underwriter.

Section 7. Dissemination Agent. The Property Owner may, from time to time, appoint or engage a Dissemination Agent to assist the Property Owner 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 SCG - Spicer Consulting Group. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Property Owner and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Property Owner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(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; and

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Property Owner 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 the Property Owner 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, the Property Owner 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 the Property Owner to comply with any provision of this Disclosure Certificate, the Trustee shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and 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 the Property Owner 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 Indenture, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Property Owner to comply with this Disclosure Certificate shall be an action to compel performance.

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 the Property Owner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liability 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 losses, 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 from the Administrative Expense Account of the Special Tax Fund established under the Indenture in accordance with the Dissemination Agent's 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, the Property Owner, the Trustee, the Bond owners, or any other party. The obligations of the Property Owner 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 as follows:

To the Issuer:	City of Lake Elsinore 130 South Main Street Lake Elsinore, California 92530 Attention: Director of Administrative Services
To the Trustee:	Wilmington Trust, N.A. 650 Town Center Drive, Suite 600 Costa Mesa, California 92626 Attn: Corporate Trust Department Phone: (714) 384-4153
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated 515 South Figueroa Street, Suite 1800 Los Angeles, California 90071 Attention: Public Finance
To the Dissemination Agent:	SCG - Spicer Consulting Group 25220 Hancock Avenue, Suite 300 Murrieta, California 92562 Attention: Chief Executive Officer
To the Property Owner:	[To Come]

provided, however, that all such notices, requests or communication may be made by telephone and promptly confirmed by writing. Any person may, by notice given as aforesaid to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Property Owner (its successors and assigns), the Trustee, 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 the Property Owner

hereunder shall be assumed by any legal successor to the obligations of the Property Owner 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 regarded as an original, and all of which shall constitute one and the same instrument.

Date: [____], 2017

FAR WEST INDUSTRIES,
a California corporation

[To Come]

ACCEPTED AND AGREED TO:

SCG - SPICER CONSULTING GROUP,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer: City of Lake Elsinore with respect to its Community Facilities District No. 2015-5 (Trieste), City of Lake Elsinore, County of Riverside, State of California

Name of Bond Issue: City of Lake Elsinore Community Facilities District No. 2015-5 (Trieste) Special Tax Bonds, Series 2017

Date of Issuance: [____], 2017

NOTICE IS HEREBY GIVEN that Far West Industries (the “**Major Owner**”) has not provided a Periodic Report with respect to the above-named bonds as required by that certain Continuing Disclosure Certificate (Property Owner), dated [____], 2017. The Major Owner anticipates that the Periodic Report will be filed by _____.

Dated: _____

SCG - Spicer Consulting Group,
as Dissemination Agent

By: _____
Its: _____

cc: Trustee
City
Participating Underwriter
Property Owner/Major Owner

EXHIBIT B

PERIODIC REPORT

\$[_____]

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2015-5
(TRIESTE)**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "**Disclosure Certificate**") dated [____], 2017 executed by the undersigned (the "**Property Owner**") in connection with the issuance of the above-captioned bonds by the City of Lake Elsinore (the "**City**") with respect to its Community Facilities District No. 2015-5 (Trieste), City of Lake Elsinore, County of Riverside, State of California (the "**District**").

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 by the Property Owner in the District (the "**Property**"):

Development name: _____

Number of lots (acreage): _____

B. Status of land development or construction activities with respect to the Property:

C. Status of building permits and any significant amendments to land use or development entitlements for the Property:

D. Aggregate property in the District sold (closed escrows), optioned or leased by the Property Owner to end users or merchant builders:

Since the Date of Issuance of the Bonds		Since the Last Periodic Report	
Acres*	_____	Acres*	_____
Lots	_____	Lots	_____
Bldg. Sq. Ft.	_____	Bldg. Sq. Ft.	_____
* For bulk land sales only (excluding sales of finished lots or completed buildings).			

E. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Property Owner or sales (closed escrows) of land in the District to other property owners, distinguishing between (i) end users (e.g., condominiums), (ii) Property Owners and (iii) merchant builders.

II. Legal and Financial Status of Property Owner

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Property Owner or the financial condition and financing plan of the Property Owner 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 the Property Owner or the Property contained in the Official Statement under the headings "CURRENT AND PROPOSED DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT" that would materially and adversely interfere with the Property Owner'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 Property Owner hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Property Owner under the Disclosure Certificate.

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

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

Dated: _____

FAR WEST INDUSTRIES,
a California corporation

[To Come]

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests 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.

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

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

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

Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct

Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX H

APPRAISAL REPORT