

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 15, 2025

NEW ISSUE - BOOK-ENTRY ONLY

INSURED RATING: S&P Global Rating: "AA"
INSURANCE: Build America Mutual Assurance Company

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuous compliance with certain covenants described herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from gross income of the recipient thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and (b) is not a specific preference item for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The District has designated the Bonds as qualified tax-exempt bonds for purposes of Section 265 of the Code. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Code, which may affect the federal tax treatment of interest on the Bonds for certain owners of such Bonds, see "TAX MATTERS" herein.

\$3,595,000*
FIESTA PUBLIC IMPROVEMENT DISTRICT
(Village of Los Lunas, New Mexico)
Special Levy Revenue Bonds (Improvement Area 1)
Series 2025

Dated: Date of Delivery

Due: October 1, as shown herein

The Fiesta Public Improvement District (Village of Los Lunas, New Mexico) Special Levy Revenue Bonds (Improvement Area 1), Series 2025 (the "Bonds") are being issued by the Fiesta Public Improvement District (the "District") pursuant to the Public Improvement District Act, Sections 5-11-1 through 5-11-27, NMSA 1978, as amended (the "Act"). The governing body of the Village of Los Lunas, New Mexico (the "Village"), by Resolution No's. 20-11 adopted on June 25, 2020 and 2020-04 adopted on July 30, 2020, approved the petition of Sivage Community Development, LLC (the "Developer"), for the formation of the District. The Bonds will be secured by a first lien on and a pledge of amounts derived from a special levy (as more fully described herein under "Special Levy") imposed against benefited real property located within Improvement Area 1 of the District (as defined herein), which will constitute a lien on such property with a priority co-equal to and independent of the lien of property taxes, billed and collectable at the same time and in the same manner.

Proceeds of the sale of the Bonds will be used to (i) finance the acquisition and construction of eligible public infrastructure within the boundaries of the District and certain off-site road, water and drainage improvements, (ii) purchase a bond insurance policy, (iii) partially fund a debt service reserve fund in the amount of one-half of the Reserve Requirement by purchasing a debt service reserve fund insurance policy, (iv) partially fund a debt service reserve fund in the amount of one-half of the Reserve Requirement, and (v) pay costs of issuance relating to the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds are issuable in minimum denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2026. See "THE BONDS." The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of, premium if any, and interest on the Bonds will be paid by the Trustee, as described below, to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Description of the Bonds."

All the Bonds are secured equally and ratably by a first (but not an exclusive first) lien on and a pledge of the Pledged Revenues, consisting of amounts derived from the imposition of the Special Levy (net of the annual collection fee paid to Valencia County, New Mexico, if any (the "Collection Fee")), including any prepayments thereof and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Indenture (defined below) applicable to delinquent payment of the Special Levy installments but net of the Administrative Expenses and certain other amounts held in funds pledged under the Indenture of Trust and Security Agreement, dated as of [November 1, 2025] by and between BOKE, NA (the "Trustee"), as Trustee and Paying Agent, and the District (the "Indenture"). The Bonds are special limited obligations of the District, and the interest on and principal of the Bonds are payable solely from Pledged Revenues, as provided in the Indenture, and the District is not obligated to pay the Bonds except from the Pledged Revenues as so provided. NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE VILLAGE, VALENCIA COUNTY (THE "COUNTY"), THE STATE OF NEW MEXICO (THE "STATE") OR THE DEVELOPER IS PLEDGED TO THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OR REDEMPTION PRICE OF THE BONDS, AND NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL LEVY WILL BE LEVIED OR COLLECTED TO PAY THE INTEREST ON OR PRINCIPAL OR REDEMPTION PRICE OF THE BONDS. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the Pledged Revenues, and the payment of the interest on or principal of the Bonds is not a general debt, liability or obligation of the District, the Village, the County, the State or the Developer.

* Preliminary, subject to change.

The Bonds are subject to redemption by the District as described herein under the heading “THE BONDS – Redemption.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by Build American Mutual Assurance Company (“BAM”). The Specimen Municipal Bond Insurance Policy is attached hereto as Appendix I. See “BOND INSURANCE.”



INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS THAT EACH PROSPECTIVE INVESTOR SHOULD CONSIDER PRIOR TO INVESTING. SEE “SPECIAL RISK FACTORS.”

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

The Bonds will be offered when, as and if issued, and received by the underwriter listed below (the “Underwriter”) subject to the approval as to their legality by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, Bond Counsel. Certain legal matters will be passed upon for the District by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, District Counsel and Disclosure Counsel; and for the Underwriter by McCall, Parkhurst & Horton L.L.P, Houston, Texas. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York, on or about November 6, 2025. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Bonds.

Jefferies

Dated: October 15, 2025

MATURITY SCHEDULE*

(CUSIP© 6-digit issuer number: _____)

Serial Bonds \$[755,000]

Maturity Date (October 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. ^(†)
2026	80,000	[]%	[]%	
2027	65,000	[]%	[]%	
2028	65,000	[]%	[]%	
2029	70,000	[]%	[]%	
2030	70,000	[]%	[]%	
2031	75,000	[]%	[]%	
2032	80,000	[]%	[]%	
2033	80,000	[]%	[]%	
2034	85,000	[]%	[]%	
2035	85,000	[]%	[]%	

\$[1,125,000] Term Bond at []% due [10/01/2045], [] Price ____% CUSIP _____

\$[1,715,000] Term Bond at []% due [10/01/2055], [] Price ____% CUSIP _____

* Preliminary, subject to change.

^(†) The above referenced CUSIP number(s) have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2025C Bonds. None of the Finance Authority, the Trustee, the Municipal Advisor, or the Underwriters is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2025C Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025C Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

⁽²⁾ Initial yield shown to first optional call date of December 15, 2035.

FIESTA PUBLIC IMPROVEMENT DISTRICT

DISTRICT BOARD

Gino Romero, Chairperson
Charles Griego, Member
Cruz Muñoz, Member
Christopher Ortiz, Member
James Runyon, Member

PROFESSIONAL SERVICES

Taft Stettinius & Hollister LLP
Albuquerque, New Mexico
District Counsel
Bond Counsel
Disclosure Counsel

McCall, Parkhurst & Horton L.L.P.
Houston, Texas
Underwriter's Counsel

Rodey, Dickason, Sloan, Akin & Robb, P.A.
Albuquerque, New Mexico
Developer Counsel

Fieldman Rolapp & Associates, Inc.
Irvine, California
Municipal Advisor to District

Jefferies LLC
San Antonio, Texas
Underwriter

DTA Public Finance, Inc.
Irvine, California
Special Levy Consultant

David Pearson, MAI
Lubbock, Texas
Appraiser

BOKE, NA
Albuquerque, New Mexico
Trustee

For purposes of compliance with Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission, this document constitutes an Official Statement of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “final official statement” of the District with respect to the Bonds, as such term is defined in the Rule.

No dealer, salesperson or other person has been authorized by the Village, the District, the Developer or the Underwriter to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

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

The Bonds have not been registered under the Securities Act of 1933 in reliance upon exemptions contained in such Act. The registration and qualification of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the United States Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The District has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the United States Securities and Exchange Commission or other regulatory body.

This Official Statement contains statements that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, Section 21E of the United States Exchange Act of 1934, as amended, and Section 27a of the Securities Act of 1933. When used in this Official Statement, the words “estimate,” “project,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and Appendix I – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final Official Statement for any purpose.

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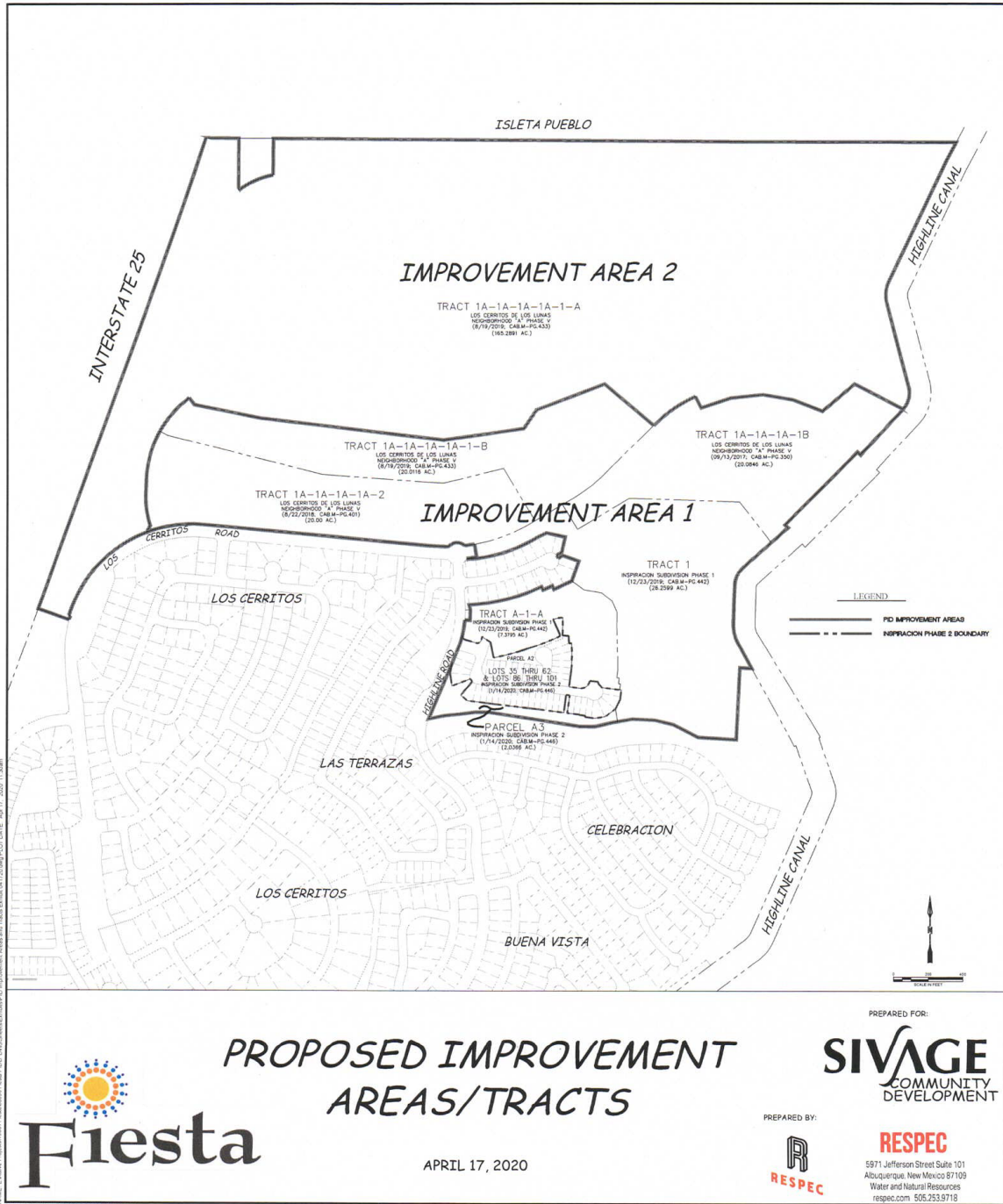
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FIESTA SUBDIVISION PID BOUNDARY MAP



\$3,595,000*
FIESTA PUBLIC IMPROVEMENT DISTRICT
(Los Lunas, New Mexico)
Special Levy Revenue Bonds (Improvement Area 1), Series 2025

SELECTED FACTS

The following summary does not purport to be complete. Reference is hereby made to the complete Official Statement in this regard. The following summary makes certain assumptions regarding valuation of property within the District.

THE BONDS

Principal Amount of Bonds	The aggregate principal amount of the Bonds is \$3,595,000*
Subordinated Promissory Note	In addition to the issuance of the Bonds, the District shall deliver to the Developer a Subordinated Promissory Note (the “Subordinated Note”) in an amount not to exceed the actual unreimbursed costs incurred by the Developer at the time of issuance of the Bonds for eligible public infrastructure completed and accepted for dedication by the Village of Los Lunas and enter into a Reimbursement Agreement. The Subordinated Note and Reimbursement Agreement are intended to provide for the reimbursement of the Developer of certain amounts expended for costs of acquisition of infrastructure improvements that are not otherwise reimbursed from proceeds of the Bonds. The Subordinated Note will be subordinated to the bonds, payable solely from Special Levy Revenues described in the Reimbursement Agreement, and shall not bear interest. See “INTRODUCTION – Subordinated Promissory Note.”
Bond Insurance	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE.”
Purpose of Bonds	The Bonds are being issued for the purpose of (i) financing the acquisition and construction of eligible public infrastructure improvements within the boundaries of Improvement Area 1 within the District and certain on-site road improvements, on-site and off-site sanitary sewer, water and drainage improvements (the “Project”), (ii) purchasing a bond insurance policy, (iii) partially funding a debt service reserve fund in the amount of one-half of the Reserve Requirement by purchasing a debt service reserve fund insurance policy issued by BAM (the “Reserve Fund Insurance Policy”), (iv) partially funding a debt service reserve fund in the amount of one-half of the Reserve Requirement, and (v) paying costs of issuance relating to the Bonds.
Additional Bonds	Additional bonds may be issued at the discretion of the District upon satisfaction of the Additional Bonds Test as provided in the

* Preliminary, subject to change.

Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds.”

First Optional Redemption Date The first optional redemption date is October 1, 2035 at 100% of Principal Amount for Bonds maturing on and after October 1, 2036 plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date. See “THE BONDS – Redemption – *Optional Redemption*.” The Bonds are also subject to special mandatory redemption upon prepayment of Improvement Area 1 Special Levy installments (as define below). See “THE BONDS – Redemption – Special Mandatory *Redemption*.”

Primary Source of Revenues for Repayment The Bonds are payable from Pledged Revenues (as defined herein) received from the payment of the Improvement Area 1 Special Levy (as defined below) and, if necessary, from moneys in the Reserve Fund and other available sources. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Improvement Area 1 Special Levy.”

Priority The Bonds are secured by a first (but not an exclusive first) pledge of and lien on the Pledged Revenues as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Tax Exemption In the opinion of Taft Stettinius & Hollister, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in “TAX MATTERS” herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof, for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax, and (c) is excludable from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see “TAX MATTERS” herein.

Qualified Tax-Exempt Obligations The Bonds are issued as Qualified Tax-Exempt Obligations for Financial Institutions.

THE DISTRICT

Estimated Acreage in District and Improvement Area 1 The District is comprised of two segregated improvement areas totaling approximately 268 acres, with a special levy imposed and to be collected annually on an estimated 466 single-family residential lots within the boundaries of Improvement Area 1 which consists of approximately 102.7110 acres, not otherwise exempt from the special levy (the “Improvement Area 1 Special Levy”). See “THE DISTRICT AND IMPROVEMENT AREA 1 – General.”

Appraised Value	The appraised value of the property of Improvement Area 1 is \$167,720,500, which represents a present value of the property within the boundaries of Improvement Area 1 within the District in its existing condition as of July 1, 2025. See “THE DISTRICT AND IMPROVEMENT AREA 1 – Appraisal.”
Value to Lien Ratio	The estimated value-to-lien ratio, determined by comparing the value of the existing real property within the boundaries of Improvement Area 1 (\$167,720,500), to the aggregate principal amount of the Bonds (\$3,595,000)* is 46.65:1. The value of the existing real property within the boundaries of Improvement Area 1 includes the improvements in place and the market value of the inventory of homes as of July 1, 2025, the date of the appraisal attached hereto as Appendix H (the “Appraisal”). See “THE DISTRICT AND IMPROVEMENT AREA 1 – Estimated Value-to-Lien Ratio.”
Minimum Ratio of Authorized Maximum Annual Improvement Area 1 Special Levy in any Fiscal Year to Annual Debt Service on the District Bonds	The Improvement Area 1 Special Levy provides, among other things, an amount required to pay 110% of annual debt service payments on the Bonds before Administrative Expenses (as defined in Appendix B hereto). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Rate and Method of Apportionment of Improvement Area 1 Special Levy.”

PROPERTY OWNERS AND DEVELOPMENT

Plan Development	Improvement Area 1 consists of approximately 102.7110 acres and 466 single-family residential homes and lots. According to the Developer, as of August 1, 2025, 429 residential lots have homes that have been completed and sold with a verified title conveyance, 18 homes are completed and currently owned by homebuilders, 8 residential lots have homes under construction, and 11 residential lots are vacant. See “THE DISTRICT AND IMPROVEMENT AREA 1 – General.”		
Current Property Ownership	According to the Developer, as of August 1, 2025, ownership of the property within the boundaries of Improvement Area 1 is as follows:		
	<u>Owner</u>	<u>Number of Lots/Homes</u>	<u>Percent of Ownership of Levyable Property</u>
	Homeowners	429 Homes	92.0%
		11 Lots/9	
	Abrazo Homes	Homes	4.25%
	DR Horton	1 Home	0.25%
	Richmond American Homes	12 Homes	2.50%
	Westway Homes	4 Homes	1.00%
Governmental Approvals	All governmental approvals required for the development and sale of lots in Improvement Area 1 have been obtained.		

* Preliminary, subject to change.

Infrastructure
Improvements

All infrastructure improvements within Improvement Area 1 have been completed.

Estimated Price Range of
Homes

The purchase prices of single-family homes within the boundaries of Improvement Area 1 currently range from approximately \$291,500 to approximately \$500,000.

Estimated Homes Sizes

The single-family residential units within the boundaries of Improvement Area 1 ranged from approximately 923 to approximately 2,982 square feet.

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\$3,595,000*
FIESTA PUBLIC IMPROVEMENT DISTRICT
(Village of Los Lunas, New Mexico)
Special Levy Revenue Bonds (Improvement Area 1), Series 2025

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices, provides information in connection with the sale of the Fiesta Public Improvement District (Los Lunas, New Mexico) Special Levy Revenue Bonds (Improvement Area 1), Series 2025 (the “Bonds”) in the aggregate principal amount of \$3,595,000.*

Capitalized terms used, but not otherwise defined in this Official Statement, have the meanings assigned to them in Appendix A – FORM OF THE INDENTURE.

The Bonds are special limited obligations of the District and are not an obligation of the Los Lunas, New Mexico (the “Village”). The Village has provided certain information contained herein related to its actions in approving the formation of the District and as set forth in Appendix C – GENERAL INFORMATION REGARDING THE VILLAGE OF LOS LUNAS. Other than such information, the Village has not provided information for this Official Statement and neither the Village nor the Trustee (hereinafter defined) makes any representations as to the accuracy or sufficiency of the other information contained herein. Certain information relating to Sivage Community Development, LLC (the “Developer”) and its activities in connection with Improvement Area 1, including but not limited to information appearing in this Official Statement under “THE DISTRICT AND IMPROVEMENT AREA 1” and related sections in the “INTRODUCTION” has been provided by the Developer for use herein.

Authority for Issuance

The Bonds are being issued by the Fiesta Public Improvement District (the “District”), a political subdivision of the State of New Mexico (the “State”), pursuant to the Public Improvement District Act, Sections 5-11-1 through 5-11-27, New Mexico Statutes Annotated, as amended (the “Act”). A resolution of the Board of Directors of the District (“District Board”) adopted on September 25, 2025 (the “Authorizing Resolution”), as supplemented by a Sale Certificate executed on [October __], 2025 establishing the final terms of the Bonds (together, with the Authorizing Resolution, the “Bond Resolution”) and an Indenture of Trust and Security Agreement, dated as of November 1, 2025 (the “Indenture”), by and between the District and BOKF, NA, as trustee (the “Trustee”) and as paying agent (the “Paying Agent”).

Village Ordinance No. 448 sets forth policy guidelines and application procedures for the establishment of public improvement districts within the boundaries of the Village (the “PID Ordinance”). Pursuant to the PID Ordinance, Village administration staff review applications for consistency with the Village’s PID Ordinance. If recommended by Village Administration, the application is then submitted for consideration by the Village Council. Under the PID Ordinance, the Village Council will approve petitions for public improvement district formation only for public improvement districts which (i) conform with the Village’s long-range policies for development, including the Albuquerque/Valencia County Comprehensive Plan, the Subdivision Ordinance, the Zoning Code, the enacted portions of the Planned Growth Strategy and the current Capital Implementation Program, and all supplements and subsequent enactments relating to those measures; (ii) are self-supporting and do not result in any net cost to the

* Preliminary, subject to change.

Village; (iii) meet all other ordinances, regulations and policies of the Village; and (iv) meet certain financing parameters.

The Village Council, by Resolution No. 20-11 adopted on June 25, 2020 and Resolution 2020-04 adopted on July 30, 2020 (the “Formation Resolution”), approved the petition of Sivage Community Development, LLC (the “Developer”) for the formation, implementation and governance of the District. The Formation Resolution authorized the imposition and collection of the Improvement Area 1 Special Levy (as defined below) against the real property within the boundaries of Improvement Area 1 of the District, all of which benefited from the PID Infrastructure Improvements. The Improvement Area 1 Special Levy has been imposed and collected from the taxable property within Improvement Area 1 for the purpose, among others, of paying the principal of and interest on such bonds, as more particularly described herein. See Appendix B – RATE AND METHOD OF APPORTIONMENT OF IMPROVEMENT AREA 1 SPECIAL LEVY. The District commenced the annual imposition and collection of the Improvement Area 1 Special Levy in Fiscal Year 2023 (July 1, 2022 – June 30, 2023) on all platted residential lots.

Application of Proceeds

The net proceeds of the Bonds will be used to (i) finance the acquisition and construction of eligible public infrastructure within the District and certain off-site road, water and drainage improvements, (ii) purchase a bond insurance policy, (iii) partially fund a debt service reserve fund in the amount of one-half of the Reserve Requirement by purchasing the Reserve Fund Insurance Policy, (iv) partially fund a debt service reserve fund in the amount of one-half of the Reserve Requirement, and (v) pay costs of issuance relating to the Bonds. See “SOURCES AND USES OF FUNDS” and “APPENDIX J - SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE FUND POLICY”

The District and the Improvement Area 1 Project

The District, which consists of two (2) segregated improvement areas totaling approximately 268 acres, is located on the west side of the Highline Canal, east of Interstate 25, and south of the Isleta Pueblo. Improvement Area 1 consists of approximately 102.7110 acres of property located in the southern portion and wholly within the corporate boundaries of the Village, with the Improvement Area 1 Special Levy imposed on an estimated 466 single-family residential homes and lots within its boundaries, not otherwise exempt from the Improvement Area 1 Special Levy. See “THE DISTRICT AND IMPROVEMENT AREA 1 – General,” and “SPECIAL RISK FACTORS – Special Levy Exemption for Disabled Veterans” and “ – Property Controlled by Federal Deposit Insurance Corporation.” All infrastructure within Improvement Area 1 has been completed and certificates of occupancy on 447 of the total 466 lots in Improvement Area 1 have been delivered. See the maps showing the boundaries of the District and the general orientation of the District within the Village following the table of contents for this Official Statement.

The Project includes on-site road improvements, on-site and off-site sanitary sewer, off-site and on-site water and drainage improvements with an estimated total cost of \$10,381,799.83. These Project costs are in addition to the approximate \$12,354,176.40 of private infrastructure costs including land acquisition costs, water rights, grading and site work, dry utilities such as electric, gas, telephone and cable; retaining walls; perimeter walls; privately owned and maintained local parks and common areas; and soft costs. The Developer is incurring the costs of such private infrastructure improvements without reimbursement from the District.

Sources of Payment for the Bonds

Under the Indenture, the Bonds are payable from Pledged Revenues, including revenues received by or on behalf of the District in each Fiscal Year from the payment of the Improvement Area 1 Special Levy installments (“Special Levy Revenues”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Levy.” As used in this Official Statement, the term “Improvement Area 1 Special

Levy” means that benefit assessment that has been authorized pursuant to the Act to be levied against taxable parcels of land within the boundaries of Improvement Area 1 of the District in accordance with the Rate and Method of Apportionment of Special Levy for the District approved initially by the Village in the Formation Resolution (the “Rate and Method”), with a priority co-equal to and independent of the lien of general *ad valorem* property taxes for the purpose of paying debt service on the Bonds. See Appendix B – RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY. See also, The Trails Public Improvement District v. The Trails, LLC, et al., New Mexico Second Judicial District Court, CV-2012-0780, wherein the Court recognized the senior lien position of the public improvement district special levy as related to a prior, perfected mortgage. Under the Indenture, the District has agreed to repay the Bonds from (i) all Special Levy Revenues including any revenues collected as prepayment in whole or in part of Improvement Area 1 Special Levy installments (but net of the Collection Fee paid to Valencia County, New Mexico, if any), (ii) all money and investments in the Pledged Revenue Fund, the Bond Fund and the Reserve Fund, but not including any funds held in the Issuance and Expenses Fund, the Administration Fund, or any rebate fund established in accordance with the terms of the Indenture, and (iii) all proceeds of foreclosures for delinquent Improvement Area 1 Special Levy installments net of any Administrative Expenses (as defined in Appendix B hereto) associated with such foreclosures (collectively, the “Pledged Revenues”).

The District will fund a Reserve Fund in the amount of one-half of the Reserve Fund Requirement by purchasing the Reserve Fund Insurance Policy. The remaining one-half of the Reserve Fund Requirement will be funded with bond proceeds. For definition of “Reserve Fund Requirement,” see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund.” The moneys in the Reserve Fund will be deposited in the Bond Fund and used for payment of the principal of and interest on the Bonds if moneys in the Bond Fund are insufficient for that purpose on any Interest Payment Date. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund.”

All the Bonds are equally and ratably secured by a first (but not an exclusive first) lien on and pledge of the Pledged Revenues in accordance with the terms and conditions of the Indenture. The Bonds are Improvement Area 1 Special Levy obligations of the District, and the interest on and principal and Redemption Price of the Bonds are payable solely from the Pledged Revenues. The District is not obligated to pay the Bonds except from the Pledged Revenues. If any portion of Improvement Area 1 Special Levy installments is not paid when due, the only sources of funds to repay the Bonds are the amounts held by the Trustee in certain of the funds and accounts established under the Indenture, and the proceeds, if any, from foreclosure sales of land within the boundaries of the District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Subordinated Promissory Note

In addition to the issuance of the Bonds, the District shall deliver to the Developer a Subordinated Promissory Note (the “Subordinated Note”) in an amount not to exceed the actual unreimbursed costs incurred by the Developer at the time of issuance of the Bonds for eligible public infrastructure completed and accepted for dedication by the Village of Los Lunas and enter into a Reimbursement Agreement. The Subordinated Note and Reimbursement Agreement are intended to provide for the reimbursement to the Developer of certain amounts expended for costs of acquisition of infrastructure improvements that are not otherwise reimbursed from proceeds of the Bonds. The Subordinated Note will be subordinated to the Bonds, payable solely from Special Levy Revenues as described in the Reimbursement Agreement, and shall not bear interest. Principal on the Subordinated Note will be payable no later than forty-five (45) days after the end of each fiscal year of the District, but only from Pledged Revenues not otherwise needed to (i)

pay debt service requirements on the Bonds, (ii) replenish amounts drawn from the Reserve Fund for the Bonds, or (iii) pay the budgeted or otherwise necessary administrative costs of the District.

Additional Bonds

No additional bonds with a lien on the Pledged Revenues or parity with the lien of the Bonds may be issued by the District unless they are issued for the purpose of refunding the outstanding Bonds, subject to certain requirements under in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds.”

Limited Liability

Although an unpaid Improvement Area 1 Special Levy installment constitutes a lien on taxable parcels within the boundaries of the District, it does not expressly constitute a personal indebtedness of any owner of land within the boundaries of the District. There is no assurance that any landowner will be financially able to pay Improvement Area 1 Special Levy installments when due or that it will pay Improvement Area 1 Special Levy installments even though financially able to do so.

The Bonds are Improvement Area 1 Special Levy obligations of the District and the interest on and principal of the Bonds are payable solely from the Pledged Revenues. NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE VILLAGE, VALENCIA COUNTY (THE “COUNTY”) OR THE STATE OF NEW MEXICO (THE “STATE”) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. No holder of the Bonds (“Holder”) may compel any exercise of the taxing power of the District, the Village, the County or the State to pay the principal or Redemption Price of or interest on the Bonds. The Bonds are not a debt, within the meaning of the State Constitution, of the District, the Village, the County, the State or the Developer nor is the payment of the Bonds enforceable out of any money other than the Pledged Revenues. Neither the District, the District Board, nor any officer or employee thereof will be liable for the payment of the interest on or principal or Redemption Price of the Bonds otherwise than from the Pledged Revenues, as provided in the Indenture.

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 minimum denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof (“Authorized Denominations”), under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “THE BONDS – Description of the Bonds” and Appendix G – BOOK-ENTRY SYSTEM.

Principal of 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. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee as Paying Agent, all as described herein. See “THE BONDS – Description of the Bonds” and Appendix G – BOOK-ENTRY SYSTEM.

The Bonds are subject to redemption as described herein. For a more complete description of the Bonds and certain provisions of the Indenture, see “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

So long as the Bonds are in book-entry only form, all references in the Official Statement to the Owners or Holders of the Bonds shall mean DTC and not the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is exempt from State of New Mexico income taxes. The District has designated the Bonds as qualified tax-exempt bonds for purposes of Section 265 of the Code.

The form of bond counsel opinion is attached as Appendix D hereto. For a discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, see “TAX MATTERS” herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, certain financial information and operating data to the Municipal Securities Rulemaking Board (“MSRB”) Electronic Municipal Market Access System for purposes of Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission (the “Rule”). The District has further agreed to provide notice of certain events. These covenants have been made in order to assist the Underwriter in complying with the Rule. See “LEGAL MATTERS” and Appendix F – FORM OF CONTINUING DISCLOSURE UNDERTAKING for a description of the specific nature of the reports to be filed and the notices of material events to be provided.

Bondholders’ Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some investors. See “SPECIAL RISK FACTORS.”

Professionals Involved in the Offering

BOKF, NA, Albuquerque, New Mexico, will act as Trustee under the Indenture. All proceedings by the District and the Village in connection with the issuance, sale and delivery of the Bonds are subject to the approval of Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, Bond Counsel (“Bond Counsel”). Jefferies, LLC, San Antonio, Texas, will act as Underwriter (the “Underwriter”) for the Bonds. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas (“Underwriter’s Counsel”). Certain legal matters will be passed upon for the District by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, as District Counsel (“District Counsel”) and Disclosure Counsel (“Disclosure Counsel”), Fieldman, Rolapp & Associates, Inc., will act as Municipal Advisor to the District, and DTA Public Finance, Inc. will act as Special Levy Consultant to the District. Other professional services have been performed by David Pearson, MAI, Lubbock, Texas, as the Appraiser. Bond Counsel, Disclosure Counsel, Underwriter’s Counsel, the Underwriter, Municipal Advisor and the Special Levy Consultant will receive compensation contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section

27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “anticipates,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE DISTRICT AND IMPROVEMENT AREA 1.”

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. FOLLOWING THE ISSUANCE OF THE BONDS, THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Additional Information

Investment in the Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the Developer or the Underwriter to give any information or make any representations, other than those contained in this Official Statement. Brief descriptions of the Bonds, the Indenture, the security for the Bonds, the District and certain other documents and information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. Any references to documents herein are qualified by reference to the complete text thereof. Copies of documents referenced herein may be obtained upon written request and payment of the cost of duplication from the office of the Underwriter, Jefferies, LLC, 700 N. St. Mary’s St., Suite 1400, San Antonio, Texas 78205, Attention: Pedro Ramos.

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SOURCES AND USES OF FUNDS*

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and will apply them as follows:

Source of Funds

Par Amount of Bonds	<u>\$[3,595,000.00]</u>
Premium	<u>\$[]</u>
Total	\$[]

Uses of Funds

Improvement Project	<u>\$[]</u>
Deposit in Debt Service Reserve Fund (one-half of the Reserve Fund Requirement)	
Deposit in Issuance and Expenses Fund ⁽¹⁾	<u>\$[]</u>
Costs of Issuance	<u>\$[]</u>
Underwriter's Discount	<u>\$[]</u>
Total	<u><u>\$[]</u></u>

- (1) Includes legal and financing costs, Bond Insurance Policy premiums, Reserve Fund Insurance Policy premiums (one-half of the Reserve Fund Requirement), printing and electronic posting costs and Trustee fees.

Improvement Project

Proceeds of the Bonds along with other funds of the District, are to be used to pay for or reimburse the costs of the Project benefitting Improvement Area 1 and eligible for reimbursement by the District under the Act as described below under "Authority for Issuance". The Project includes off-site road improvements, on-site sanitary sewer, off-site and on-site water and drainage improvements with an estimated total cost of \$10,381,799.83. These Project costs are in addition to the approximate \$12,354,176.40 of private infrastructure costs including land acquisition costs, on-site road improvements, off-site water improvements, grading and site work, dry utilities such as electric, gas, telephone and cable; retaining walls; privately owned and maintained local parks and common areas; and soft costs. The Developer is incurring the costs of such private infrastructure improvements without reimbursement from the District.

THE BONDS

Authority for Issuance

The Bonds are being issued by the District pursuant to the Act, the PID Ordinance, the Formation Resolution, the Indenture and the Bond Resolution. The Act provides procedures for New Mexico municipalities and counties to create public improvement districts through a petition and hearing process, followed by approval through an election of property owners and qualified resident electors. However, the local government may waive the election requirement if a petition for formation of the district is signed by the owners of all of the land in the district and there are no qualified resident electors in the proposed district. Public improvement districts are authorized to finance various public infrastructure and improvements, including water and sewer systems, streets and trails, parks, electrical, gas and telecommunications systems, public buildings, libraries and cultural facilities, school facilities, equipment and related costs of operation and administration.

* Preliminary, subject to change.

Under the Act, a public improvement district may finance such public infrastructure and improvements by several methods, including imposing special levies based on benefit to property, front footage, acreage, costs of improvements or other factors apart from assessed valuation. Those special levies may be pledged to pay debt service on bonds issued by the public improvement district.

The Village Council by the Formation Resolution adopted on June 25, 2020 approved the petition of the Developer for the formation, implementation and governance of the District. Pursuant to the Act, the Village waived the requirement for an election of property owners on the question of whether to form the District.

Description of the Bonds

The Bonds will be issued only as fully registered Bonds for maturity without coupons in minimum denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, in the name of Cede & Co., as nominee for DTC, as registered owner of all Bonds. See Appendix G – BOOK-ENTRY SYSTEM. The Bonds will be dated as of their date of delivery and bear interest from that date, at the rates and maturing in the amounts and years, as set forth on the cover page of this Official Statement. The principal of the Bonds will be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee in Albuquerque, New Mexico, or such other place as designated by the Trustee, upon presentation and surrender of the Bonds.

The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the Bonds' date of delivery. Interest on the Bonds, calculated on the basis of a 360-day year consisting of twelve 30-day months, will be paid semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing April 1, 2026. Interest on the Bonds is payable by check mailed on or before the Interest Payment Dates to the address of the registered Holder thereof as it appears on the registration books as of the Regular Record Date. Additionally, payment may be made by wire transfer to DTC. The principal and Redemption Price of the Bonds are payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent. **So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal of and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein.** See Appendix G – BOOK-ENTRY SYSTEM.

Redemption*

Special Mandatory Redemption from the Prepayment of Special Levy. The Bonds are to be redeemed from funds of the District in whole or in part on any Interest Payment Date, as determined by the Trustee, by lot in, for purposes of special mandatory redemption only, \$5,000 increments from Bonds of each maturity in the same proportion as the Outstanding principal amount of Bonds of that maturity bears to the total Outstanding principal amount of all Bonds of all maturities, and by lot within each maturity, upon payment of the Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), set forth in the following table plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date, if and to the extent moneys sufficient to pay the applicable redemption prices of Bonds to be redeemed are received by the District and held by the Trustee in the Prepayment Account as a result of the prepayment in whole or in part of any Improvement Area 1 Special Levy by the owner of any Public Improvement District Property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund.

* Preliminary, subject to change.

Optional Redemption. The Bonds maturing on and after October 1, 2036, may be redeemed on or after October 1, 2035, at 100% of the outstanding principal amount, at the option of the District prior to the applicable maturity date thereof in whole or in part on any date from such maturities as are selected by the District, and by lot within each maturity, from any source of funds, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed, from the most recent Interest Payment Date to the applicable Redemption Date. Moneys used to pay optional redemption shall be deposited in the Prepayment Account of the Bond Fund.

Mandatory Sinking Fund Redemption. The Bonds maturing on October 1, [2045] are to be redeemed from funds of the District prior to the applicable maturity date thereof on the following Redemption Dates and in the following amounts upon payment of the applicable Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date:

Redemption Date (October 1)	<u>Principal Amount</u>
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044	
2045 ⁽¹⁾	

(1) Maturity Date.

The Bonds maturing on October 1, [2055] are to be redeemed from funds of the District prior to the applicable maturity date thereof on the following Redemption Dates and in the following amounts upon payment of the applicable Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date:

Redemption Date (October 1)	<u>Principal Amount</u>
2046	
2047	
2048	
2049	
2050	
2051	
2052	
2053	
2054	
2055 ⁽¹⁾	

(1) Maturity Date.

Funds used to pay mandatory sinking fund redemption shall be deposited in the Prepayment Account of the Bond Fund.

Selection of Bonds for Redemption. If less than all the Outstanding Bonds are to be redeemed, the particular Bonds by maturity to be redeemed will be selected not less than forty-five (45) days prior to the

Redemption Date by the District. No Bond will be redeemed if such redemption would result in the new Bond being less than the minimum Authorized Denomination; provided, however, that Bonds may be in integral \$5,000 multiples.

Notice of Redemption. Notice of redemption shall be given by first class mail, postage prepaid or by electronic means, by the Trustee in the name and at the expense of the District not less than thirty (30) nor more than forty-five (45) days prior to the Redemption Date, to each Holder of Bonds to be redeemed, at the address appearing in the Bond Register for such Holder as of the Record Date and to the Bond Insurer. All notices of redemption shall include a statement as to: (a) the Redemption Date; (b) the Redemption Price; (c) the principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) to be redeemed; (d) that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after the Redemption Date; and (e) that Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent in the Place of Payment and the address of such Paying Agent.

Effect of Redemption of Bonds. Notice of redemption having been given, the Bonds to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price, and from and after such date (unless the District will default in the payment of the Redemption Price) such Bonds will cease to bear interest and will cease to be governed by or receive the benefits of the Indenture. Upon surrender of any such Bond for redemption, such Bond will be paid by the District at the Redemption Price. Installments of interest with a Stated Maturity on or prior to the Redemption Date will be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of the Indenture.

Conditional Redemption. If money or Governmental Obligations sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption pursuant to the Indenture, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the Trustee and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received and the information required by the Indenture. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See Appendix G – BOOK-ENTRY SYSTEM. Upon surrender for transfer of any Bond to a Paying Agent therefor in the Place of Payment, the District will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same series, designation, interest rate and maturity, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor. No transfer shall become effective until entered upon the registration books.

At the option of the Holder, Bonds may be exchanged for other Bonds, of any Authorized Denominations of the same series, designation, interest rate and maturity and of like aggregate principal amount, upon surrender of the Bonds to a Paying Agent therefor in the Place of Payment. Whenever any

Bonds are so surrendered for exchange, the District will execute, and the Trustee will authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

Bonds Mutilated, Lost, Destroyed or Stolen

If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the District and Trustee harmless, then, in the absence of notice to the District or the Trustee that such Bond has been acquired by a bona fide purchaser, the District will execute and, upon a request of the Chairperson of the District Board, the Trustee will authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of like tenor and aggregate principal amount bearing a number not contemporaneously outstanding.

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ANNUAL DEBT SERVICE ON THE BONDS

The table below sets forth the scheduled annual debt service payments on the Bonds, assuming no optional redemption of the Bonds.

Calendar Year	Bonds		
	Principal*	Interest	Total
2026		\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			

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* Preliminary, subject to change.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are authorized pursuant to the Act and are issued under the Bond Resolution and the Indenture. The Act was enacted by the New Mexico Legislature to provide an alternate method of financing certain essential public infrastructure. A public improvement district is a legally constituted limited purpose governmental entity within defined boundaries, governed by a district board consisting of the members of the governing body of the municipality or county, *ex officio*, or, upon determination of the municipality or county governing body, five appointed directors who, pursuant to the Act, shall be replaced by elected members within six years. The Village Council appointed the five Village Council members to serve as the District Board in the Formation Resolution and such members or their appointed replacements continue to constitute the full Board membership. In the opinion of Bond Counsel, the current Board is authorized to approve the issuance of the Bonds.

The Bonds are special limited obligations of the District, and the interest on and principal of the Bonds are payable solely from Pledged Revenues, as provided in the Indenture, and the District is not obligated to pay the Bonds except from the Pledged Revenues as so provided. NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE VILLAGE, THE COUNTY OR THE STATE IS PLEDGED TO THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OR REDEMPTION PRICE OF THE BONDS, AND NO TAX OR ASSESSMENT OTHER THAN THE IMPROVEMENT AREA 1 SPECIAL LEVY WILL BE LEVIED OR COLLECTED TO PAY THE INTEREST ON OR PRINCIPAL OR REDEMPTION PRICE OF THE BONDS. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the Pledged Revenues, and the payment of the interest on or principal of the Bonds is not a general debt, liability or obligation of the District, the Village, the County or the State.

Payment of the Bonds

In the Indenture, there is created and established in the custody of the Trustee the Pledged Revenue Fund, into which all Pledged Revenues will be deposited. The District pledges in the Indenture for the payment of the Bonds the Pledged Revenues (as defined below under the heading "Improvement Area 1 Special Levy"). The Pledged Revenues deposited to the Pledged Revenue Fund, together with all investments thereof and investment income therefrom, will be held in trust by the Trustee and applied, first, to the Bond Fund (net of Collection Fee, if any), second to the Reserve Fund to replenish the amount therein up to the amount of the Reserve Fund Requirement when and as provided in the Indenture, and third, to the Administration Fund.

After all amounts required and budgeted or otherwise necessary to be deposited from the Pledged Revenues under the Indenture to the Bond Fund, Reserve Fund and Administration Fund in each fiscal year, any Pledged Revenues collected in excess of such required amounts are to be released from the lien of the Indenture and are to be available for payment pursuant to the terms of a reimbursement agreement between the District and the Developer, as holder of a promissory note secured by a second priority pledge of the Pledged Revenue issued by the District to fund costs of formation and acquisition of Improvement Area 1 infrastructure improvements not otherwise paid from proceeds of the Bonds.

The Indenture establishes in the custody of the Trustee the Bond Fund, comprised of an Interest Account, a Principal Account and a Prepayment Account. The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, will be held in trust by the Trustee and applied for the payment of the Bonds, to pay for certain expenses related to the Bonds, to redeem Bonds, subject to the further requirements set forth in the Indenture.

All funds created by the District and established in the custody of the Trustee, other than the Rebate Fund, are trust funds not subject to lien or attachment.

The District will immediately deposit or will cause to be deposited with the Trustee and the Trustee will immediately deposit to the Principal Account and the Interest Account, as applicable, on each Regular Record Date, the amount of Pledged Revenues necessary to pay on the following Interest Payment Date the principal of and interest on the Bonds then coming due.

Improvement Area 1 Special Levy

The payment of the principal or Redemption Price of and interest on the Bonds is secured equally and ratably by a first (but not exclusive first) lien on and a pledge of the Pledged Revenues, which are defined in the Indenture (such capitalized terms having the meaning assigned to those terms in the Indenture) as consisting of (i) all Special Levy Revenues, including any revenues collected as prepayment in whole or in part of the Improvement Area 1 Special Levy, net of Administrative Expenses, (ii) all money and investments in the Pledged Revenue Fund, the Bond Fund and the Reserve Fund, but not including any funds held in the Issuance and Expenses Fund, Administration Fund, or the Rebate Fund established in accordance with the terms of the Indenture, and (iii) all proceeds of foreclosures for delinquent Improvement Area 1 Special Levy installments net of any Administrative Expenses associated with such foreclosures.

The amount of the Improvement Area 1 Special Levy that the District may levy in any Fiscal Year, and from which principal of and interest on the Bonds may be paid, is strictly limited to the maximum annual amount approved by the Village Council in the Formation Resolution. In addition, the amount of any increase in the Annual Improvement Area 1 Special Levy is limited to an increase of 10% in any Fiscal Year, up to the Maximum Annual Special Levy, as a consequence of delinquency or default in payment of the Improvement Area 1 Special Levy. The maximum annual amount of the Improvement Area 1 Special Levy approved in the Formation Resolution is incorporated as “Maximum Annual Special Levy” in the Rate and Method. See Appendix B – RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY. Under the Rate and Method, the Improvement Area 1 Special Levy will be levied in an amount, not in excess of the Maximum Annual Special Levy, sufficient to pay the “Improvement Area 1 Special Levy Requirement,” which is, for any Fiscal Year, the amount determined by the District Board or its designee as required in any Fiscal Year for the District to pay and/or reimburse amounts advanced to pay its: (1) Administrative Expenses, (2) debt service and/or payments on any Indebtedness, (3) an amount equal to the anticipated delinquent Annual Special Levies and any anticipated shortfall in Annual Special Levies resulting from the 100% Veteran Exemption, all as determined by the District Board or the Administrator, (4) any amount required to replenish any reserve fund established in connection with such Indebtedness, (5) the costs of credit enhancement and fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any such Indebtedness, (6) for acquisition and/or construction of authorized public infrastructure improvements, and (7) for costs incurred in connection with the formation of the District. In no event shall a Special Levy be imposed on an Improvement Area for the purpose of paying or reimbursing another Improvement Area for items (1) through (7) above.

The District has covenanted to annually impose the Improvement Area 1 Special Levy in accordance with State law and pursuant to the District’s Notice of Imposition of the Special Levy (the “Notice of Imposition of Special Levy”), which incorporates the Rate and Method recorded against the title of all taxable parcels of real property within the boundaries of the District in the records of the County, in an amount sufficient to pay Debt Service on all Outstanding Bonds, subject to the limitation of Maximum Annual Special Levy. **Because each Improvement Area 1 Special Levy is limited to the Maximum Annual Special Levy amount set forth in the Rate and Method, no assurance can be given that, in the event of Improvement Area 1 Special Levy delinquencies or other State law exemptions from imposition or collection which arise from time to time, the amount sufficient to pay debt service on all outstanding Bonds will in fact be collected in any given year.** See “SPECIAL RISK FACTORS –

Insufficiency of Improvement Area 1 Special Levy.” The Improvement Area 1 Special Levy will be billed and collected by the County in the same manner and at the same time as *ad valorem* property taxes. See “Collection of Improvement Area 1 Special Levy Installments” below.

The Rate and Method apportions the Bond debt service and other Administrative Expenses among the parcels of real property within the boundaries of the District that are subject to the Improvement Area 1 Special Levy. See “Rate and Method of Apportionment of Special Levy” below. In the opinion of Bond Counsel, the Improvement Area 1 Special Levy as a “benefit assessment,” is not subject to the property tax limitation of Article VIII, Section 2 of the New Mexico Constitution.

The following tables provide information regarding both the delinquency history for Improvement Area 1 Special Levy collections and the County’s Assessor’s appraised values for the District.

Fiesta Public Improvement District
Improvement Area 1
Delinquency History
As of June 1, 2025

<u>Fiscal Year</u>	<u>Annual Special Levy</u>	<u>Amount Delinquent</u>	<u>Percentage Delinquent</u>
2022-2023	\$65,124.00	\$0.00	0.00%
2023-2024	64,878.00	0.00	0.00%
2024-2025	245,055.00	1,936.52	0.79%

Source: Valencia County Treasurer’s Office.

Fiesta Public Improvement District
Improvement Area 1
Historical Assessed Value

<u>Year</u>	<u>Assessed Value</u>	<u>Percentage Change Over Previous Year</u>
2022-2023	\$11,041,465	--
2023-2024	55,835,551	506%
2024-2025	94,777,392	170%
2025-2026	144,407,212	152%

Source: Valencia County Assessor’s Office.

Priority of Lien of Improvement Area 1 Special Levy

The Improvement Area 1 Special Levy constitutes a lien on the property subject thereto until the same is paid, with a priority co-equal to and independent of the lien of general *ad valorem* property taxes. The lien includes any delinquency, penalty and interest on such delinquency at a rate not to exceed the maximum legal rate of interest per year and penalties otherwise applicable for delinquent property taxes, the District’s actual costs of foreclosure, and other District costs resulting from the delinquency.

Collection of Improvement Area 1 Special Levy Installments

Under the Act, Improvement Area 1 Special Levy installments are to be billed and collected by the County in the same manner and at the same time as general *ad valorem* property taxes. The Improvement Area 1 Special Levy is imposed on property taxable as of January 1 of each year and billed in October, with one-half of the annual Improvement Area 1 Special Levy installments due on November 10 and one-half

due April 10 of the next calendar year. The Improvement Area 1 Special Levy installment due November 10 becomes delinquent on December 11, while the April 10 installment becomes delinquent on May 11.

The County Treasurer will not permit property owners to selectively pay special levies or property taxes. In the event a property owner fails to satisfy its special levy installment and general ad valorem property tax obligations, any payments received by the County Treasurer will be distributed pro rata to the District and the recipients of general ad valorem property taxes.

The lien and foreclosure remedies provided for in the Indenture and the Notice of Imposition of Special Levy will apply upon the nonpayment of any Improvement Area 1 Special Levy installment. Those remedies include the foreclosure by the District of the delinquent Improvement Area 1 Special Levy installment under the circumstances described in the Indenture.

Rate and Method of Apportionment of Special Levy

The Improvement Area 1 Special Levy will be imposed and collected in accordance with the methodology described in the Rate and Method. A copy of the Rate and Method is attached to this Official Statement as Appendix B, and the following description is qualified in all respects by the Rate and Method. The Rate and Method apportions the Improvement Area 1 Special Levy Requirement each year among the lots or parcels subject to the Improvement Area 1 Special Levy (as more fully described below, the “Levyable Property”). The Improvement Area 1 Special Levy Requirement includes certain Administrative Expenses, debt service on the Bonds, any amount required to replenish the Reserve Fund, the costs of credit enhancement and fees for instruments that serve as the basis of a reserve fund in lieu of cash (neither of which will initially comprise any portion of the Annual Improvement Area 1 Special Levy), and an amount equal to the reasonably estimated delinquencies of the Improvement Area 1 Special Levy and any anticipated shortfall in Annual Special Levies resulting from the 100% Exemption for Disabled Veterans. Capitalized terms used under this heading, but not otherwise defined elsewhere, have the meanings assigned to them in the Rate and Method.

Commencing with Fiscal Year 2025 and for each succeeding year, the District Board will apportion the Annual Improvement Area 1 Special Levy so that the aggregate amount equals the Improvement Area 1 Special Levy Requirement. Under no circumstances, however, will the Annual Improvement Area 1 Special Levy installment collected from any lot or acreage owned by a private purchaser be increased by more than 2.0% or, as a consequence of delinquency or default by the owner of any other parcel, by more than 10% per Fiscal Year. Further, the Annual Improvement Area 1 Special Levy may not exceed the Maximum Annual Special Levy for any parcel.

On or about May 1 of each year in which the Improvement Area 1 Special Levy is imposed, the District will identify the Levyable Property, eliminating that land that is exempt from the Improvement Area 1 Special Levy or for which the Improvement Area 1 Special Levy has been prepaid in full and identifying the subdivided lots within the boundaries of the District. The Levyable Property may be assessed at a Maximum Special Levy listed in the table captioned “MAXIMUM ANNUAL SPECIAL LEVY” based on its applicable typical lot width, as reflected in Exhibit A of the Rate and Method.

The Maximum Annual Special Levy assigned to each levy classification and the number of anticipated residential lots in each levy classification is as follows:

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Maximum Annual Special Levy
Improvement Area 1

Levy Classification	Anticipated Residential Dwelling Lots	Maximum Annual Special Levy
Developed, Platted	447	\$750.00/DU
Undeveloped, Platted	19	\$825.00/Lot
TOTAL	466	

The Improvement Area 1 Special Levy shall be collected in accordance with the following steps: (i) first from each Parcel of Developed Platted Property in equal percentages up to 100% of the applicable Maximum Annual Special Levy, (ii) second, if additional monies are needed to fund the Special Levy Requirement after (i) above, from each Parcel of Undeveloped Platted Property in equal percentages up to 100% of the applicable Maximum Annual Special Levy, and (iii) third, if additional monies are needed to fund the Special Levy Requirement after (ii) above, the Annual Special Levy shall be collected from each Parcel of Undeveloped Property in equal percentages up to 100% of the applicable Maximum Annual Special Levy.

Prior to August 1 of each year in which the Special Levy is imposed, the District will report to the Local Government Division of the State Department of Finance and Administration the Annual Special Levy amount applicable to each parcel. The Local Government Division then certifies those amounts prior to the first Monday in September to the County for inclusion in the property tax billing for each taxable parcel within the boundaries of the District for the upcoming tax year.

The Maximum Annual Special Levy for the then-current and all remaining Fiscal Years through the final maturity of all Outstanding Bonds for any parcel may be prepaid in full, as described in the Rate and Method and the obligation of the parcel to pay the Annual Special Levy permanently satisfied if there are, at the time of prepayment, no outstanding, delinquent installments of the Special Levy with respect to such parcel. Any such prepayments will be transferred by the District to the Trustee for deposit in the Prepayment Account of the Bond Fund and used to redeem Bonds pursuant to the Special Mandatory Redemption provisions. See “THE BONDS – Redemption – *Special Mandatory Redemption*,” and Appendix B – RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY.

Reserve Fund

A portion of the proceeds of the Bonds will be used to partially fund a debt service reserve fund for the Bonds (the “Reserve Fund”) by purchasing the Reserve Fund Insurance Policy in the amount of one-half of the Reserve Fund Requirement. The remaining one-half of the Reserve Fund Requirement will be funded with bond proceeds. See “SOURCES AND USES OF FUNDS.” The “Reserve Fund Requirement” is defined in the Indenture to be an amount on the date of issuance of the Bonds, and which amount may be recalculated from time to time to take into account the redemption or defeasance of the Bonds, equal to the least of (i) the Maximum Annual Debt Service requirements on all Outstanding Bonds, (ii) 125% of the average annual debt service requirements on the Bonds, or (iii) 10% of the aggregate principal amount of the Bonds.

If, three (3) Business Days before each Interest Payment Date, the Trustee determines moneys in the Bond Fund are insufficient to pay Debt Service due on the Bonds on such Interest Payment Date, the Trustee will transfer from the Reserve Fund to the Principal Account and the Interest Account of the Bond Fund the difference between the amount in each such account on such date and the amount necessary to pay the principal of and interest on, respectively, the Bonds on the next succeeding Interest Payment Date. To the extent that amounts in the Reserve Fund are not sufficient to make such payments, payments will be made first to pay the interest on the Bonds.

The District covenants in the Indenture to maintain the Reserve Fund in an amount equal to the Reserve Fund Requirement in cash, with a Reserve Fund Insurance Policy, or with a combination thereof. If, after a Reserve Fund withdrawal, the amount on deposit in the Reserve Fund is less than the Reserve Fund Requirement, the District will reimburse the Reserve Fund with cash, to the extent moneys are realized, from either: (i) the proceeds from the foreclosures of delinquent Special Levy installments, which foreclosures are conducted in the manner required by State law; or (ii) from all future Special Levy installments to the extent that such portion of such installment payments is not required for the timely payment of Debt Service. Notwithstanding any withdrawals from the Reserve Fund, the District shall not impose the Special Levy in any year in an amount greater than the Maximum Special Levy. The Trustee shall examine the Reserve Fund annually at the end of each Fiscal Year to determine whether amounts therein equal the Reserve Fund Requirement.

Any investment earnings realized from the investment of moneys in the Reserve Fund will remain in and be part of the Reserve Fund; provided, however, if moneys in the Reserve Fund exceed the Reserve Fund Requirement, such excess amount will be transferred to the Bond Fund to be applied to the payment of Debt Service next coming due. If the amount held in the Reserve Fund, together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds on the next Interest Payment Date, together with the interest accrued on such Bonds as of such Interest Payment Date, the moneys will be transferred to the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Notwithstanding any other provisions herein, in the event of a special mandatory redemption of the Bonds from prepayments of special levy, an amount equal to the difference between the Reserve Fund Requirement calculated before and after such redemption shall be transferred from the Reserve Fund to the Prepayment Account of the Bond Fund to pay in whole or in part the amount needed to fund the special mandatory redemption.

Additional Bonds

Nothing contained in the Indenture shall be construed to permit the issuance of additional bonds with a lien on a parity with the Bonds except as provided below.

Refunding Bonds. If at any time the District shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues, the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the Holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien is changed by the refunding. The Public Improvement District Act prohibits the issuance of refunding bonds with a final maturity later than the final maturity of the bonds being refunded.

Limitation upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on a parity with the lien of the Bonds, unless:

(1) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien on the Pledged Revenues of the Bonds; or

(2) The refunding obligations are issued in compliance with the requirements described below and in compliance with the Indenture.

(i) The District has obtained any authorization by the Village required in connection with the Formation Resolution for the issuance of additional bonds; and

(ii) The Maximum Annual Special Levy approved by the District and the Village and applicable to Improvement Area 1 shall have been sufficient to pay an amount representing at least 110%

of the sum of (a) the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Bonds, (2) other outstanding Parity Bonds payable from and constituting a lien upon the Pledged Revenue, and (3) the Parity Bonds proposed to be issued, and (b) projected Administrative Expenses included in the Maximum Special Levy for each Fiscal Year. However, there shall be excluded from such calculation the Improvement Area 1 Special Levy on any parcel then delinquent in the payment of the Improvement Area 1 Special Levy.

A written certificate or opinion by an Independent Financial Consultant concluding that, on the basis of assessed or appraised value (determined pursuant to an appraisal) of all platted property and appraised values (determined pursuant to an appraisal) of all unplatted property, that the aggregate assessed or appraised value, as applicable, of all Levyable Property (as such term is defined in the Rate and Method) within the District is not less than four times the aggregate amount of Land Secured Debt allocable to such Levyable Property.

Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the Holder or Holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the Holders of the unrefunded portion of such obligations, unless:

(1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(3) The refunding bonds or other refunding obligations are issued in compliance with the requirements described above under “Additional Bonds – *Limitation Upon Issuance of Parity Refunding Obligations.*”

Limitation upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the District may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Equality of Parity Bonds. The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or the date incurred and, except as set forth herein, there shall be no priority among Parity Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Superior Obligations Prohibited; Subordinated Obligations Permitted. The District shall not issue any obligation having a lien on the Pledged Revenues prior and superior to the Bonds. Nothing contained in the Indenture shall prevent the District from issuing bonds or other obligations payable from the Pledged Revenues pledged by this Indenture and having a lien on the Pledged Revenues subordinate to the lien of the Bonds, to the extent that the Issuer is otherwise authorized by law to issue such subordinate obligations, nor to prevent the issuance of bonds or other obligations refunding all or part of the Bonds as permitted by the Indenture.

Covenant to Commence Foreclosure

Foreclosure Covenant. The Indenture provides that the District has levied and will levy the Special Levy in accordance with State law and pursuant to the Notice of Imposition of Special Levy, to the extent

and in an amount sufficient to pay debt service on all Outstanding Bonds, subject to the limitation of the Maximum Special Levy. The District covenants in the Indenture to commence, either itself or through the Trustee as agent of the District, foreclosure proceedings in connection with any delinquent Special Levy installment payment, when and as described below. Except as provided in the special covenant to commence foreclosure described below, Special Levy installments are subject to the same penalties and the same lien priority in case of delinquency as is provided for *ad valorem* property taxes. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Priority of Lien of Special Levy” and Appendix C – GENERAL INFORMATION REGARDING THE VILLAGE OF LOS LUNAS.

If the owner of Levyable Property becomes delinquent in the payment of any Special Levy installment, then such Special Levy will be enforced in accordance with the Act and the Indenture as described below, including but not limited to declaring the entire unpaid balance of such Special Levy to be in default and, causing the Special Levy lien on such Levyable Property to be foreclosed. The District or the Trustee, acting as agent for the District, will foreclose Levyable Property in accordance with the Notice of Imposition of Special Levy. Notwithstanding the foregoing, the District shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Special Levy installment or the corresponding assessed parcel or lot.

Foreclosure Procedures. The District has established foreclosure procedures for delinquent Special Levy installments pursuant to the Notice of Imposition of Special Levy and the Indenture. Pursuant to the Indenture, on or about December 15 and May 15 of each Fiscal Year, the District will examine or cause to be examined the records of the Valencia County Treasurer to identify delinquencies in the payment of Special Levy installments; or, if such delinquency information is not available by those dates, the District shall conduct its examination as soon thereafter as practicable. The District shall, within sixty (60) days after identifying delinquencies, send a notice of delinquency to the owner of any property for which a Special Levy installment is delinquent, which notice shall demand immediate payment of the delinquent amount and shall state that, if payment has not been received within one hundred eighty (180) days following the date of the notice of delinquency, the District may commence foreclosure proceedings.

The District, either itself or through the Trustee as agent of the District, shall commence foreclosure proceedings in connection with any delinquent Special Levy installment after the one hundred eighty (180)-day period described above has expired with respect to that installment, if, at any time, there are, in the aggregate, \$15,000 or more in delinquent Special Levy installments on property within the boundaries of the District.

The District and the Trustee, acting as agent for the District, will diligently prosecute and pursue all foreclosure actions to judgment and sale; provided that, (i) actions may be settled on such terms as the District determines are adequate to collect delinquent Special Levy installments and costs incurred in or related to such collection efforts, and (ii) any actions taken to enforce delinquent Special Levy liens will be taken consistent with the Act and the Notice of Imposition of Special Levy. The District is not liable to Bondholders for sale of delinquent property at a purchase price less than the outstanding Special Levy owed.

Pursuant to the Notice of Imposition of Special Levy, in any action seeking the foreclosure of a Special Levy lien after the Bonds have been issued, if there is no other purchaser for the tract of land having a delinquent Special Levy, the District or other trustee of the funds from which the Bonds are to be paid (including the Trustee) may, but is not required to, purchase the tract or parcel sold at the foreclosure sale, and bid, in lieu of cash, the amount of the Special Levy, interest, penalties, attorneys’ fees and costs found by the court to be due and payable under the resolution creating the lien and any cost taxed by the court in the foreclosure proceedings against the property ordered sold. Upon the purchase of the tract or parcel, title to the tract or parcel of land, subject to the right of redemption described below, vests in the Trustee. There is, however, no assurance or expectation that the Trustee or the District would purchase a tract or parcel of land at a foreclosure sale.

Right of Redemption. Pursuant to the Notice of Imposition of Special Levy, no real property will be sold to satisfy a delinquent assessment until at least fifteen (15) days after the date of the order, judgment or decree of the court, within which time the owner of the tract or parcel of land may pay off the decree and avoid the sale. After the expiration of the fifteen (15)-day period, the property may be sold at a public or private sale subject to the right of redemption. Any property sold under any order, judgment or decree of court to satisfy the Special Levy lien may be redeemed at any time within one (1) year of the date of sale by the owner or mortgage holder or other person having an interest, or their assigns, by repaying to the purchaser or the purchaser's assign the amount paid plus interest from the date of purchase at a rate of the lesser of twelve percent (12%) per year or the maximum legal rate.

Proceeds of Foreclosure. Pursuant to the Notice of Imposition of Special Levy, the proceeds of the sale of the foreclosed tract or parcel of land will be applied as follows: (1) to the payment of costs in giving notice of the sale and of conducting the sale; (2) to costs and fees taxed against the tract or parcel of land in the foreclosure proceedings; (3) on a pro rata basis, to the indebtedness claimed under the Special Levy lien and any other lien on the property that has a priority coequal to the Special Levy lien; and (4) after all costs, liens, levies, assessments and taxes are paid, to the former owner, mortgage holder or other parties having an interest in the tract or parcel, upon the foregoing person's providing satisfactory proof to the court of the interest and upon approval of the court. Receipts for the satisfaction of the indebtedness claimed under the Special Levy lien will be paid into the proper District fund for payment of the principal of and interest on the Bonds.

Under the Indenture, the proceeds of any foreclosure will be, first, deposited in the Bond Fund to pay interest and principal on the Bonds in accordance with the Indenture and second, deposited in the Reserve Fund to make up any deficiency.

If sales or foreclosures of property are necessary, there could be a delay in payments to Holders of the Bonds pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. However, within the limits of the Act, the District may adjust the Special Levy levied on Levyable Property in the District, subject to the limitation of the Maximum Special Levy, to provide an amount required to pay 110% of annual debt service payments on the Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement for the Bonds and to pay all current Administrative Expenses for the District. There is, however, no assurance that the total amount of the Special Levy that could be levied and collected against Levyable Property in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Levy is levied at Maximum Special Levy rates. See "SPECIAL RISK FACTORS."

The lien of the Special Levy is co-equal with the lien of *ad valorem* property taxes in the case of delinquency. However, no assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Levy.

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BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix I to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$503.3 million, \$258.1 million and \$245.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE.”

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM RECEIVES COMPENSATION (AN INSURANCE PREMIUM) FOR THE INSURANCE THAT IT IS PROVIDING WITH RESPECT TO THE BONDS. NEITHER BAM NOR ANY AFFILIATE OF BAM HAS PURCHASED, OR COMMITTED TO PURCHASE, ANY OF THE BONDS, WHETHER AT THE INITIAL OFFERING OR OTHERWISE.

THE DISTRICT AND IMPROVEMENT AREA 1

General

The District is comprised of 2 segregated improvement areas totaling approximately 268 acres of property located in the Village and is located on the west side of the Highline Canal, east of Interstate 25, and south of the Isleta Pueblo.

Improvement Area 1 consists of approximately 102.7110 acres and 466 single-family residential lots. According to the Developer, as of August 1, 2025, 429 residential lots have homes that have been completed and sold with a verified title conveyance, 18 homes are completed and currently owned by homebuilders, 8 residential lots have homes under construction, and 11 residential lots are vacant.

Management of the District

The District is governed by the District Board, consisting of five directors. The District Board has control over and management supervision of all affairs of the District. Directors serve six-year terms with two of the initial Directors serving four-year terms to create staggered terms. The current members and officers of the District Board are listed below. None of the Directors reside in the District.

Name	Title
Gino Romero	Chairperson
Charles Griego	Member
Christopher Ortiz	Member
James Runyon	Member
Cruz Muñoz	Member

Under the terms of the District's Bylaws, the District Board will manage the affairs of the District and may delegate to individual officers authority to execute instruments, endorse checks and expend funds of the District for any purpose not inconsistent with the Act, the PID Ordinance and the Formation Resolution. Individual members of the District Board may become Holders of the Bonds. The District currently has no dedicated staff and has contracted for Special Levy calculation and certain other administrative tasks.

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Tax and Assessment Burden

The tables below present representative, sample property tax bills for single-family dwelling units in Improvement Area 1. The tables are based on a number of assumptions. Each assumes existing authorized indebtedness payable from taxes levied within the Improvement Area 1 based on current rates. The tables reflect low (bottom one-third percentile), median (middle one-third percentile), and high (top one-third percentile) assessed valuations for dwelling units in each Special Levy category.

Fiesta Public Improvement District **Improvement Area 1** **Sample Property Tax Bill**

		Low	Median	High
Projected Average Appraised Value		\$291,500	\$353,500	\$420,000
Assessed Value		\$97,167	\$117,833	\$140,000
Head of Household Exemption		(\$2,000)	(\$2,000)	(\$2,000)
Veterans Exemption		\$	\$	\$
Net Taxable Value		\$95,167	\$115,833	\$138,000
Projected 2025-26 Ad Valorem Property Tax	Rate ⁽¹⁾			
State of New Mexico	0.1360%	\$129	\$158	\$188
County of Valencia Debt Service	0.0703%	\$67	\$81	\$97
County of Valencia Operational	0.6817%	\$649	\$790	\$941
Los Lunas Debt Service	0.1105%	\$105	\$128	\$152
Los Lunas Operational	0.7086%	\$674	\$821	\$978
Los Lunas Cons. Schools Debt Service	0.8151%	\$776	\$944	\$1,125
Los Lunas Cons. Schools Operational	0.0186%	\$18	\$22	\$26
Los Lunas Capital Improvement (SB 9)	0.1942%	\$185	\$225	\$268
Los Lunas School Building (HB 33)	0.2912%	\$277	\$337	\$402
UNM Valencia Debt Service	0.0700%	\$67	\$81	\$97
UNM Valencia Operational	0.1899%	\$181	\$220	\$262
Valencia SWCD	0.0250%	\$24	\$29	\$36
Subtotal Ad Valorem Property Tax Rate/Taxes	3.3111%	\$3,152	\$3,836	\$4,572
<u>Fiesta PID – Improvement Area 1 Special Levy</u>	N/A	\$750.00	\$750.00	\$750.00
Subtotal Special Levies, Assessments and Charges		\$750.00	\$750.00	\$750.00
Total Annual Property Taxes + Levies		\$3,902	\$4,586	\$5,322
Total Monthly Property Taxes		\$325	\$382	\$444
Total Effective Tax Rates (as % of total value)		1.34%	1.30%	1.27%

(1) Based on the Fiscal Year 2025-26 rates.

Financial Statements

Under State law, the District Board is required to have the financial statements of the District audited annually unless exempt. The financial statements of the District as of and for the fiscal year ended June 30, 2024 included herein as “APPENDIX E,” have been audited by CliftonLarsonAllen LLP (“CLA”) December 13, 2024. The District has not requested, nor has CLA given consent to the inclusion in APPENDIX E of its report on such financial statements. In addition, CLA has not performed any post-audit review of the financial condition of the District and has not received the Official Statement.

Description of Completed Infrastructure Improvements

All infrastructure improvements within Improvement Area 1 of the District have been completed.

Appraisal

The Village's PID Ordinance requires an appraisal and indicates that the appraisal must estimate the fair market value of the property within the proposed public improvement district. David Pearson, MAI, Lubbock, Texas (the "Appraiser"), has prepared an appraisal of the real property within Improvement Area 1, with an effective date of valuation of July 1, 2025 (the "Appraisal"), which is attached to this Official Statement as Appendix H. The Appraisal estimates only the value of the approximate 102.7110 acres of Levyable Property and improvements that are subject to the lien of the Improvement Area 1 Special Levy (collectively, the "Appraised Property").

The Appraiser concluded that the fee simple market value of the Appraised Property in its existing condition, as of the date of July 13, 2025, is estimated to be \$167,720,500 as the aggregate value. The Appraiser determined value by giving consideration to the actual sale prices adjusted for market conditions and assessed values from the County.

The Appraisal sets forth the Appraiser's opinion of value based upon data available as of the date of the Appraisal. Consequently, it does not reflect any changes to value that might have occurred due to events occurring since the date thereof or that may occur in the future. There can be no assurance that the values described in the Appraisal will be achieved, or that the assumptions relied on in the Appraisal were accurate or would relate to the value of any property subject to the Improvement Area 1 Special Levy on the date of the foreclosure of the lien on that property resulting from a delinquency in the payment of the Improvement Area 1 Special Levy.

The information contained herein is only a summary of certain information contained in the Appraisal, and that information is qualified in its entirety by the complete Appraisal. The Appraisal is based upon a number of general assumptions, limiting conditions and special assumptions. Reference should be made to the Appraisal for a complete listing of those assumptions and conditions. See "SPECIAL RISK FACTORS – Appraised Values." The complete Appraisal, including all attachments and addenda, is reproduced in Appendix H.

Estimated Value-to-Lien Ratio

The Formation Resolution requires a value-to-lien ratio (to be determined by comparing the value of the real property in the District, including the PID Infrastructure Improvements, to the aggregate principal amount of the District's outstanding bonds) of at least 3 to 1. As estimated by the Appraiser as of the date of the Appraisal, the appraised value of the Levyable Property in Improvement Area 1, with completed infrastructure and vertical construction of homes, is \$167,720,500 as the aggregate value, which is approximately 46.65 times the maximum principal amount of the Bonds. See Appendix H – APPRAISAL for a description of the Appraiser's methodology and assumptions.

No assurance can be given that the foregoing estimated value-to-lien ratio will be maintained or realized, in the case of the ratio based on the value of the Levyable Property in its proposed condition as of a current date. The District has no control over property values, or the amount of additional overlapping indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Improvement Area 1 Special Levy. See "SPECIAL RISK FACTORS – Appraised Values."

SPECIAL RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. Investment in the Bonds should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks, and expertise sufficient to evaluate those risks.

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in the District, or could adversely affect the ability or willingness of property owners in the District to pay Improvement Area 1 Special Levy installments when due. A failure to receive Improvement Area 1 Special Levy Revenues could result in the inability of the District to pay debt service on the Bonds when due. Prospective investors should fully understand and evaluate these risks, in addition to the other matters described in this Official Statement, before making an investment decision.

General

The ability of the District to pay debt service on the Bonds as due is subject to various factors that are beyond the District's control. These factors include, among others, (a) the ability or willingness of property owners within the boundaries of Improvement Area 1 to pay Improvement Area 1 Special Levy installments billed by the District, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within the boundaries of Improvement Area 1, and (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects.

The rate of development in Improvement Area 1 is directly related to the vitality of the residential housing industry. In the event a homeowner in Improvement Area 1 is unable or otherwise fails to pay the Improvement Area 1 Special Levy installments, only the value of the lot with any improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of lots delinquent in payment of Improvement Area 1 Special Levy installments within the boundaries of Improvement Area 1. There is no assurance that the value of such will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Bonds, which are limited, special revenue obligations and are not the obligation of the Village, the County or the State, or any other political subdivision thereof, are secured solely by the Pledged Revenues. The Pledged Revenues are derived from the Improvement Area 1 Special Levy against benefited property within the boundaries of Improvement Area 1. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the property owner within the boundaries of Improvement Area 1 to pay Improvement Area 1 Special Levy installments and the ability to collect the Improvement Area 1 Special Levy within the boundaries of Improvement Area 1 or, in the event Improvement Area 1 Special Levy installments are not collected and foreclosure proceedings are instituted, upon the value of the property which is subject to the Improvement Area 1 Special Levy. The District does not make any representations that over the life of the Bonds, the property within Improvement Area 1 will maintain values sufficient to maintain property owner incentive to continue payment of Improvement Area 1 Special Levy installments by the property owners.

The Underwriter is not obligated to repurchase any of the Bonds, and no representation is made by the Underwriter that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

Insufficiency of Improvement Area 1 Special Levy

The Improvement Area 1 Special Levy has been imposed on all single-family residential lots in Improvement Area 1, not otherwise exempt from the Improvement Area 1 Special Levy. If for any reason property subject to the Improvement Area 1 Special Levy becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency or a fully disabled owner, the portion of the Improvement Area 1 Special Levy on such property is to be reallocated to the remaining taxable parcels within Improvement Area 1, subject to the limitation of the Maximum Annual Special Levy applicable to Improvement Area 1 specified in the Rate and Method. This would result in the owners of such properties paying a greater amount of the Improvement Area 1 Special Levy allocated to such properties and could have an adverse effect on the full and timely collection of Improvement Area 1 Special Levy installments. See the risk factors captioned “Special Levy Exemption for Disabled Veterans” and “Property Controlled by Federal Deposit Insurance Corporation” below.

In order to pay debt service on the Bonds, it is necessary that the Improvement Area 1 Special Levy be paid in a timely manner. Should the Improvement Area 1 Special Levy not be paid on time, moneys may not be available in the Reserve Fund under the Indenture. The District has established a Reserve Fund in the initial amount specified under the heading “SOURCES AND USES OF FUNDS” to pay debt service on the Bonds. Under the Indenture, the District has covenanted to maintain the Reserve Fund in an amount equal to the Reserve Fund Requirement; that covenant is subject, however, to the limitation that the District may not impose the Improvement Area 1 Special Levy in any Fiscal Year in an amount in excess of the Maximum Annual Special Levy. As a result, if any property owner in Improvement Area 1 is delinquent in the payment of the Improvement Area 1 Special Levy, the District may be unable to replenish the Reserve Fund to the Reserve Fund Requirement due to the limitations on the Maximum Annual Special Levy. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the Bonds would occur.

Limited Obligation to Pay Bonds; Maximum Annual Special Levy

Funds for the payment of the principal of and interest on the Bonds are derived from Improvement Area 1 Special Levy Revenues against certain property in Improvement Area 1. The Improvement Area 1 Special Levy installment amounts collected could be insufficient to pay debt service on the Bonds due to delinquencies, non-payment or the failure to receive timely and sufficient proceeds from foreclosure proceedings. The District’s obligation with respect to delinquent Improvement Area 1 Special Levy payments is limited to the institution of foreclosure proceedings under the circumstances described in the Indenture. The District has no obligation to make any payment on the Bonds except from Improvement Area 1 Special Levy Revenues and the other sources pledged under, and subject to the limitations provided in, the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Foreclosure.” The amount of the Improvement Area 1 Special Levy that may be levied against particular categories of property within Improvement Area 1 is subject to the Maximum Annual Special Levy as set forth in the Rate and Method. In the event of significant shortfalls in Improvement Area 1 Special Levy receipts, there is no assurance that the Maximum Special Levy as provided for in the Rate and Method will be sufficient to pay the amounts required to be paid by the Indenture.

Non-Recourse Obligation to Pay Improvement Area 1 Special Levy

The Act does not expressly provide that the obligation to pay the Improvement Area 1 Special Levy constitutes a personal obligation of the current or subsequent owners of the property in Improvement Area 1 and the expressly stated remedy for enforcement of Improvement Area 1 Special Levy payment obligations by the District is limited to foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Foreclosure.” If the proceeds of any foreclosure sale are insufficient to satisfy the delinquency applicable to the Improvement Area 1 Special Levy lien, the District is not entitled to the deficiency from the landowner. There is no assurance that any current or subsequent

owner of a parcel subject to Improvement Area 1 Special Levy will be able to pay the Improvement Area 1 Special Levy installments, or that such owner will choose to pay such installments even though financially able to do so.

Improvement Area 1 Special Levy Delinquencies

Pursuant to the Act, the County is obligated to include the Improvement Area 1 Special Levy installment amount due on the *ad valorem* property tax bills sent to owners of properties within Improvement Area 1, which Improvement Area 1 Special Levy installment has a lien co-equal with *ad valorem* property taxes and ahead of any mortgage lien filed before or after imposition of the Improvement Area 1 Special Levy installments on the property. Such Improvement Area 1 Special Levy installments will be due and payable and bear the same penalties and interest for non-payment as *ad valorem* property tax installments.

The District has covenanted to cause any delinquent Improvement Area 1 Special Levy lien on such Levyable Property to be foreclosed in accordance with the Notice of Imposition of Special Levy if the owner of any Levyable Property becomes delinquent in the payment of any Improvement Area 1 Special Levy installment. If foreclosure proceedings are commenced, a mortgage holder could, but would not be required to, advance the amount of delinquent Improvement Area 1 Special Levy installments to protect its security interest. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Foreclosure” for a description of the provisions that apply in the event foreclosure is required and that the District or the Trustee on behalf of the District is required to follow in the event of delinquency in the payment of the Improvement Area 1 Special Levy; see also The Trails Public Improvement District v. The Trails, LLC, et al., New Mexico Second Judicial District Court, CV-2012-0780, wherein the Court recognized the senior lien position of the public improvement district special levy as related to a prior, perfected mortgage. If such foreclosure or foreclosures are necessary and the Reserve Fund is depleted, there could be a delay in payment of debt service to Bondholders pending prosecution of the foreclosure sale. Significant delinquencies in the payment of annual Improvement Area 1 Special Levy installments or delays in foreclosure proceedings to collect such Improvement Area 1 Special Levy installments could result in the depletion of amounts available under the Reserve Fund and adversely affect the ability of the District to pay debt service on the Bonds when due. See “Property Controlled by Federal Deposit Insurance Corporation” and “Bankruptcy and Foreclosure Delays” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the District’s ability to foreclose on the lien of the Improvement Area 1 Special Levy in certain circumstances.

No assurances can be given that the real property subject to foreclosure and sale at a foreclosure sale will be sold, or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Improvement Area 1 Special Levy. Although the Act and the Indenture authorize the District or the Trustee on behalf of the District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify that the District or the Trustee is required to purchase or otherwise acquire any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale, and there is no expectation that either the District or Trustee would purchase such lot or parcel.

Special Levy Exemption for Disabled Veterans

NMSA 1978, Section 7-37-5.4 (2013) provides an exemption from the imposition of special levies in Public Improvement Districts for the principal place of residence for disabled veterans. The law extends the exemption to surviving spouses provided (1) the spouse and the disabled veteran were married at the time of the disabled veteran’s death, (2) the surviving spouse continues to occupy the property continuously after the disabled veteran’s death as the spouse’s principal place of residence, and (3) the surviving spouse has remained unmarried since the time of the disabled veteran’s death.

In 2024, New Mexico voters approved two amendments to New Mexico's Constitution that impact property tax revenues. Amendment 1 amends Article 8, Section 15 of the Constitution to extend the property tax exemption, currently only allowed for one hundred percent disabled veterans and their widow and widowers, to veterans with less than one hundred percent disability and their widows and widowers, based on the veteran's disability rating. Amendment 2 amends Article 8, Section 5 of the Constitution to increase the property tax exemption for honorably discharged members of the armed forces and their widows and widowers. This amendment increases the property tax exemption from the current amount of \$4,000 to \$10,000 a year.

In the 2025 regular legislative session, the New Mexico Legislature adopted, and on March 20, 2025 the Governor signed, House Bill 47 implementing the expanded property tax exemptions created by these amendments. House Bill 47 contained an emergency clause making it effective upon the Governor's signature. The legislation made the \$10,000 veteran exemption applicable for the 2025 property tax year and provided for annual inflation adjustments based on the consumer price index beginning with the 2026 property tax year. The disabled veterans' exemption becomes applicable for the 2026 property tax year. Veterans eligible for both exemptions may be able to receive both exemptions applicable to a property in the order and manner set forth in the legislation. The economic impact of the two Constitutional Amendments on the District cannot be predicted at this time.

Based on the currently available information from the Valencia County Assessor's Office, a total of 26 lots are deemed to be subject to this exemption for Fiscal Year 2025-26 and the District will not seek to collect the Special Levy on those properties. This will result in a 6.39% reduction in the Improvement Area 1 Special Levy that can be collected from property within Improvement Area 1. The District has taken such reduction into account in determining its Fiscal Year Special Levy requirement. The Fiscal Year 2025-26 Special Levy due on the regular property tax bills, if received timely by the District, together with the available account balances, will be sufficient to cover the scheduled debt service payments due on the Bonds and the District Administrative Expenses.

The District has no definitive information on the number of residences in the District that could in the future become subject to such exemption.

Concentration of Ownership and Risks Relating to Future Owners

Generally, the risk of delinquency or nonpayment of Special Levy installments at levels which do not permit the timely payment of principal of and interest on the Bonds is inversely correlated to the diversity of ownership of Levyable Property within the boundaries of Improvement Area 1. The ultimate construction and sale of residences to individual homeowners will continue to diversify ownership beyond the current ownership of both homebuyers and the Developer. See "THE DEVELOPMENT AND PROPERTY OWNERSHIP" and "SELECTED FACTS – PROPERTY OWNERS AND DEVELOPMENT."

No representation is made as to the experience, abilities or financial resources of any other future owner of property within the boundaries of Improvement Area 1, or the likelihood that any such future owner will be successful in developing property within Improvement Area 1 beyond the current stage of development. The District and the Village have not made any investigation of or imposed any restrictions on any prospective owner of property within the boundaries of Improvement Area 1. In making an investment decision, purchasers of the Bonds should not assume that any other person or entity that purchases property within the boundaries of Improvement Area 1 will develop such property beyond the current stage of development.

Appraised Values

The Appraisal was prepared for the purpose of estimating as of the date of value the market value of the Levyable Property within the boundaries of Improvement Area 1 in its existing condition (as of a current date). See the Appraisal included in Appendix H for a description of the analysis used and assumptions made by the Appraiser. No assurance can be given that the value of property within the boundaries of Improvement Area 1 estimated in the Appraisal will be realized or that such values will be maintained during the period of time the Bonds are Outstanding. The value of the property within the boundaries of Improvement Area 1 can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decrease in the value of property within the boundaries of Improvement Area 1 may lessen the ability or willingness of the owners of such property to pay Special Levy installments when due and would decrease the amount recoverable at a foreclosure sale.

Bankruptcy and Foreclosure Delays

The payment of the Special Levy and the ability of the District to foreclose the lien of delinquent unpaid Special Levy installments may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to foreclosure. In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or legal delaying tactics.

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 by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Levy to become extinguished, bankruptcy of a property owner could result in the prohibition of the enforcement of the lien for the Special Levy, a delay in prosecuting foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay Special Levy installments and could result in the possibility of delinquent Special Levy installments not being paid in full. Any such prohibition of the enforcement of lien, or any such non-payment or delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. In addition, the District is required under the Indenture to fund the costs of foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the bondholders to allow funds on deposit under the Indenture to be used to pay the costs of such foreclosure actions. Under the Internal Revenue Code, there are limitations on the amounts of Bond proceeds that can be used for such purposes.

Parity Taxes and Special Assessments

Other public agencies whose boundaries overlap those of Improvement Area 1 could, without the consent of the District, and in certain cases without the consent of the owners of the land within the boundaries of Improvement Area 1, impose additional taxes or assessment liens on the property within the boundaries of Improvement Area 1 for general governmental purposes, or in order to finance public improvements to be located inside of or outside of Improvement Area 1. The lien created on the property within the boundaries of Improvement Area 1 through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Levy. The lien of the Special Levy is co-equal to and independent of the lien for general *ad valorem* property taxes. Thus, the existence of other taxes and assessments imposed upon the property within Improvement Area 1 could affect the ability or willingness of an owner of that property to pay the Special Levy. See "THE DISTRICT AND IMPROVEMENT AREA 1 – Tax and Assessment Burden"; see also Appendix C – GENERAL INFORMATION REGARDING THE VILLAGE OF LOS LUNAS – Direct and Overlapping General Obligation Debt.

Disclosures to Future Purchasers

Pursuant to the Act, a seller of property within a public improvement district has an affirmative duty to provide the purchaser of the property a written notice of information as filed with the county clerk. The notice of information includes, in part, disclosure regarding the property being located within a public improvement district, the purpose of the district, the imposition of a special levy on the property and the purpose therefore, the maximum special levy, and the risk of foreclosure for nonpayment of the special levy. Failure by a seller of property within the boundaries of Improvement Area 1 to disclose the existence of the Special Levy may result in civil remedies for the purchaser against the seller available under the Act. The District filed its most recent notice of information with the Valencia County Clerk on May 28, 2025 and recorded it at file number 202506121.

Collection and Billing of Special Levy

A special levy formula may result in a heavier financial burden upon properties within a public improvement district than elsewhere in the Village or County. The Improvement Area 1 Special Levy is to be billed to the properties within the boundaries of Improvement Area 1 that were entered on the assessment roll of the County Assessor by January 1 of the previous Fiscal Year on the regular property tax bills sent to owners of such properties. Such Improvement Area 1 Special Levy installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Under the Act, the Improvement Area 1 Special Levy installment is to be collected at the same time and in the same manner as property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make installment payments of the Special Levy in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Foreclosure,” for a discussion of the provisions that apply, and procedures that the District is obligated to follow, in the event of delinquency in the payment of installments of the Special Levy.

Terrorism

The District cannot predict the economic effect of the ongoing threat of terrorism and the response of the United States government thereto, though impacts could be significant. No assurance can be given that the direct and indirect consequences of military and/or terrorist activities in this country or abroad will not have an effect on Improvement Area 1, the Developer or the property owners within the boundaries of Improvement Area 1, which may include, among other effects, labor and supply shortages, a slowdown in home sales and a decrease in land values within the boundaries of Improvement Area 1.

Endangered and Threatened Species

It is illegal to harm or disturb any plants or animals in their natural habitats that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act without a permit. Additional protections are available under State law. Thus, the presence of an endangered plant or animal could delay development of vacant property in Improvement Area 1 or reduce the value of undeveloped property. Failure to develop the vacant property within the boundaries of Improvement Area 1 as planned, or substantial delays in the completion of the planned development of the property may affect the willingness and ability of the owners of the property within the boundaries of Improvement Area 1 to pay the Special Levy when due.

Natural Disasters

In the future, the District could be subject to fires, flooding, or other calamities or natural disasters. The occurrence of such a calamity or disaster in or around the boundaries of Improvement Area 1 could result in damage to properties within the boundaries of Improvement Area 1 or could otherwise reduce the

value of such properties and affect the ability or willingness of the property owners to pay the Special Levy when due.

Hazardous Materials

Owners of a parcel may be required by law to remedy conditions of a parcel relating to releases or threatened releases of hazardous substances under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1989, commonly referred to as “CERCLA” or the “Superfund Act.” Under various laws relating to hazardous materials, the owner or operator is obligated to remediate hazardous substances on, under or about the property whether or not the owner or operator has created or handled the hazardous substance. To the extent that any parcel within the boundaries of Improvement Area 1 is contaminated by a hazardous substance, that condition may reduce the marketability and value of the parcel because the purchaser, upon becoming an owner, may become obligated to remedy the condition.

The estimated value of the property within the boundaries of Improvement Area 1, as set forth in the Appraisal, assumes there are no hazardous substances and that there is no liability to remedy of a hazardous substance condition of the property. Although the District has made no independent investigation as to the environmental condition of Improvement Area 1, the land within the boundaries of Improvement Area 1 has never been previously developed, and the District is not aware of the presence of any hazardous substance liabilities with respect to the land within Improvement Area 1. However, it is possible that such liabilities currently exist and that the District is not aware of them.

It is possible that liabilities may arise in the future with respect to any of the land within the boundaries of Improvement Area 1 resulting from the present or future existence of a substance classified as a hazardous substance under the federal or State environmental laws. Such liabilities could adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Levy installments.

Property Controlled by Federal Deposit Insurance Corporation

The District’s ability to collect the Special Levy installments and interest and penalties specified by State law and to foreclose the lien of delinquent Special Levy installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”) or another similar federal agency has obtained or in the future obtains an interest. The District is not aware of any such interest of a federal agency in the land within the boundaries of Improvement Area 1. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real 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. 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 assessments and special taxes are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC’s federal immunity. 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 FDIC has filed claims with respect to community facilities district special taxes against the County of Orange, California in United States Bankruptcy Court and in Federal District Court in which the FDIC has taken a position similar to the position expressed in the Policy Statement. The Bankruptcy Court

ruled in favor of the FDIC's position; and, on March 22, 1999, the United States Bankruptcy Appellate Panel of the Ninth Circuit Court of Appeal affirmed the decision of the Bankruptcy Court. On August 28, 2001, the United States Court of Appeal for the Ninth Circuit affirmed the Bankruptcy Appellate Panel decision.

The District is unaware of any property within the boundaries of Improvement Area 1 that is owned by the FDIC; and it is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a portion of the Property, in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase such parcel at a foreclosure sale.

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

Limitations on Remedies; No Acceleration

Neither the PID Act nor the Indenture permit the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Generally, remedies are limited to legal actions to compel the District to perform under the Bonds and the Indenture, to enjoin acts which are unlawful or violate the rights of the Holders, or to account as the trustee of an express trust. See Appendix A – FORM OF THE INDENTURE – Remedies. Remedies available to the Holders may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax status of the Bonds. 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 Holders.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Indenture to the extent that the rights and obligations under the Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State. A copy of the proposed form of Opinion of Bond Counsel is attached hereto as Appendix D – FORM OF OPINION OF BOND COUNSEL.

Change in Tax Status

As discussed under the heading "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture. Moreover, the Indenture does not provide for any adjustment to the interest rate borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Prospective purchasers of the Bonds should evaluate whether they are willing to own the Bonds in the event that the interest on the Bonds becomes taxable and/or the District is ever determined to not be a political subdivision for purposes of the Internal Revenue Code.

Loss of Tax Exemption

No assurance can be given that future legislation, Internal Revenue Service rulings or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Bonds from gross income for Federal income tax purposes. Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the United States income tax laws. Whether any of such proposals

will ultimately become law, and if so, what effect such proposals could have upon the value of bonds such as the Bonds cannot be predicted. However, it is possible that any such law could have a material and adverse effect upon the value of the Bonds.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds, and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

Risks Related to Bond Insurance

In the event the District defaults on the payment of scheduled principal or interest on the Bonds when due, the Owners will have a claim under the Policy for such defaulted payments.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Pledged Revenue. In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The insured rating on the Bonds is dependent in part on the financial strength of BAM and its ability to pay claims. BAM's financial strength and ability to pay claims is reliant upon a number of factors which could change over time, including, without limitation, underwriting standards, claims experience, and conditions affecting the economy generally. No assurance is given that the long-term ratings of BAM will not be subject to downgrade or negative designations and such events could adversely affect the market price or liquidity of the Bonds. See "RATING" herein.

The obligations of BAM are unsecured contractual obligations and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter has made an independent investigation into BAM's financial strength or ability to pay claims and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Prospective investors in the Bonds should conduct their own investigation of such matters. Because the Bonds are insured by BAM, certain of the risk factors described herein should not, under ordinary circumstances, adversely affect payment of the Bonds. The principal risk that could affect payment of the Bonds is the inability or refusal of BAM to perform its duties under the Policy. In such an event, the Owners would exercise available remedies against BAM under the Indenture.

LEGAL MATTERS

Legal Matters Incident to the Issuance of the Bonds

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, acting in its capacity as Bond Counsel. Certain legal matters will be passed on for the District by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, as District Counsel and Disclosure Counsel, and for the Underwriter by McCall, Parkhurst & Horton, L.L.P., Houston, Texas, as Underwriter's Counsel. Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, and Underwriter's Counsel is contingent upon the sale and issuance of the Bonds. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by

bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Continuing Disclosure

The District has undertaken pursuant to a Continuing Disclosure Undertaking (the “District Continuing Disclosure Undertaking”) to provide annual reports containing certain financial information and operating data relating to the Bonds, the District, ownership of the property within the boundaries of Improvement Area 1 that is subject to the Special Levy, the occurrence of delinquencies in payment of the Special Levy, and the status of foreclosure proceedings, if any, respecting Special Levy delinquencies (a “District Disclosure Report”), and to provide notices of the occurrence of certain enumerated events, if material. All of the financial information and operating data will be provided by the District annually on March 1 of each year.

The form of the District Continuing Disclosure Undertaking is included in Appendix F – FORM OF CONTINUING DISCLOSURE UNDERTAKING. The District Disclosure Reports are to be filed with the MSRB Electronic Municipal Market Access System for purposes of the Rule.

Absence of Litigation

At the time of delivery of and payment for the Bonds, the Chairperson of the Board of the District will deliver a certificate and District Counsel will deliver its opinion to the effect that, except as described in the Official Statement, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the Indenture or the levy or collection of amounts due with respect to the Special Levy for payment of the Bonds; in any way contesting or affecting the authority for, or the validity of, the Indenture or the application of the proceeds of the Bonds; or in any way contesting the existence or powers of the District.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Fieldman, Rolapp & Associates, Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Limited Memorandum or any of the other legal documents, and further the Municipal Advisor does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

TAX MATTERS

General

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming

compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed for the owners thereof; provided, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The District has made various representations and warranties with respect to and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

Certain maturities of the Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

Certain maturities of the Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders’ tax basis in the bond for determining taxable gain or

loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Internal Revenue Service Audit Program

The Internal Revenue Service (the “Service”) has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure. Neither the Municipal Advisor nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The District has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Municipal Advisor nor Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Financial Institution Interest Deduction

The District has designated the Bonds as qualified tax-exempt bonds for purposes of Section 265 of the Code. Qualified tax-exempt bonds are bonds issued by a qualified small issuer. A qualified small issuer was defined as an issuer who did not reasonably anticipate the amount of its tax-exempt bonds (other than certain private activity bonds) would exceed \$10,000,000 in a calendar year.

The Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution’s interest expense as the institution’s average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax exempt obligations may be treated as acquired on August 7, 1986 (and therefore are not subject to this rule) if they are “qualified tax-exempt obligations” as defined in the Code and are designated for this purpose by the issuer. Under provisions of the Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20% of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution’s average adjusted basis in the Bonds bears to the average adjusted basis of all assets of the institution.

Amendments to the Code could be enacted in the future and there is no assurance that any such future amendments which may be made to the Code will not adversely affect the ability of banks or other financial institutions to deduct any portion of its interest expense allocable to tax-exempt interest. Holders of Bonds should consult their tax advisors regarding the deduction of interest related to debt incurred to purchase or carry the Bonds.

RATING

S&P Global Ratings (“S&P”) is expected to assign a rating for the Bonds of “AA” based upon the Policy to be issued by BAM concurrently with the delivery of the Bonds. See “BOND INSURANCE.”

An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. The rating reflects only the views of the rating agency, and there is no assurance that the rating will remain in effect for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so

warrant. Other than the District's obligations under the Continuing Disclosure Undertaking, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision. Any such change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds.]

UNDERWRITING

The Bonds will be purchased by Jefferies, LLC, as underwriter (the "Underwriter"), at an aggregate purchase price of \$_____. The purchase price reflects an underwriter's discount of \$_____. The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

MISCELLANEOUS

Any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract or agreement between the Village, the District or the Underwriter and the purchasers or the Holders of any of the Bonds.

The execution and delivery of this Official Statement by the District has been duly authorized by the District Board.

**FIESTA PUBLIC IMPROVEMENT
DISTRICT**

By: _____
Chairperson, Board of Directors

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APPENDIX A

FORM OF THE INDENTURE

The following is a form of the Indenture of Trust and Security Agreement (“Indenture”).

APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY

FIESTA PUBLIC IMPROVEMENT DISTRICT

EXHIBIT E

RATE AND METHOD OF APPORTIONMENT

RATE AND METHOD OF APPORTIONMENT FOR FIESTA PUBLIC IMPROVEMENT DISTRICT

The following sets forth the Rate and Method of Apportionment ("RMA") for the levy and collection of Special Levies of the Fiesta Public Improvement District (the "District"). An Annual Special Levy shall be levied on and collected in the two (2) individual Improvement Areas, as defined herein, each Fiscal Year, in an amount determined through the application of the RMA described below. All of the real property in each Improvement Area, unless exempted by law or by the provisions hereof, shall be levied for the purposes, to the extent, and in the manner provided herein.

An Annual Special Levy shall be levied, extended, and collected in each Improvement Area in the Fiesta Public Improvement District (hereinafter referred to as the "PID" or the "District") each Fiscal Year, in an amount determined by the District Board or its designee through the application of the procedures described below. All of the real property in each Improvement Area of the PID, unless exempted by the provisions hereof, shall be subject to the Annual Special Levy for such Improvement Area for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

"**Act**" means the Public Improvement District Act, being Sections 5-11-1 through 5-11-27, NMSA 1978 (2001, as amended).

"**Administrative Expenses**" means the actual or reasonably estimated costs permitted in accordance with the Act and directly related to the administration of each of the two (2) Improvement Areas of the PID as determined by the District Board or its designee, including but not limited to, the costs of computing the Annual Special Levies and of preparing the collection schedules (whether by the District Board or designee thereof or both) within an Improvement Area; the costs of collecting the Annual Special Levies (whether by the Village, or otherwise) within an Improvement Area; the costs of remitting the Annual Special Levies to the Trustee for any Bonds issued for a specific Improvement Area; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture relating to debt secured by Annual Special Levies from an Improvement Area; the costs of computing the amount of rebatable arbitrage, if any for debt secured by Annual Special Levies for an Improvement Area; the costs of complying with the disclosure requirements of applicable federal and state securities laws and of the Act for debt secured by Annual Special Levies for an Improvement Area, including, but not limited to, public inquiries regarding the Annual Special Levies; and the costs associated with the release of funds from any escrow account for debt secured by Annual Special Levies for an Improvement Area. Administrative Expenses shall also include

amounts advanced for any administrative purpose of the District or an Improvement Area including the costs of prepayment of the Annual Special Levies; recordings related to the prepayment, discharge or satisfaction of the Annual Special Levies; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Annual Special Levies and the reasonable fees of legal counsel to the District incurred in connection with the foregoing.

"Administrator" means the designee of the District Board responsible for determining the Special Levy Requirement and coordinating the billing and collection of the Annual Special Levies imposed within an Improvement Area.

"Annual Special Levy" means the separate special levy imposed in each Improvement Area and collected in each Fiscal Year from each Parcel in its respective Improvement Area pursuant to Section D to fund the Special Levy Requirement.

"Anticipated Special Levy Requirement" means the Special Levy Requirement determined by the District assuming all Residential Property within an Improvement Area is Developed Platted Property.

"Association Property" means any property in the District owned by or dedicated to a property owner association, including any master or sub-association, exclusive of any property on which Dwelling Units are or may be constructed.

"Bonds" means any bonds or other notes, debt or obligations, including refunding bonds, issued by the District, whether in one or more series, secured by the Annual Special Levy collected on behalf of one or more specified Improvement Areas.

"County" means the County of Valencia, New Mexico.

"Developed Platted Property" means all Platted Property for which a certificate of occupancy permit has been issued by the April 30 preceding the Fiscal Year for which the Annual Special Levy is being collected.

"District" means Fiesta Public Improvement District.

"District Board" means the governing body of the District.

"Dwelling Unit" or **"DU"** means a residential dwelling unit which may be attached or detached.

"Exempt Property" means all property within the District exempt from the Annual Special Levy pursuant to Section G or by prepayment pursuant to Section H.

"Final Plat" means a final plat or final subdivision of land that is approved and recorded with the Village.

"Fiscal Year" means the twelve-month period starting July 1 and ending June 30.

"Improvement Area" means one (1) of two (2) Improvement Areas of the District, each of which is independent of the other Improvement Areas and each of which is a class of property to which a Special Levy will apply, as identified on the boundary map for the District, as shown on **Exhibit C**, attached hereto. The District shall impose a separate and

distinct Annual Special Levy in each Improvement Area. The District may combine Improvement Areas into a single Improvement Area if it determines that the interest of the property owners of the respective Improvement Areas will be served by merging the Improvement Areas, the merger will enhance the marketability of the special levy bonds and/or reduce issuance costs for the special levy bonds.

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

"Institutional Property" means all property within the District designated as institutional property on the map of the District, shown on **Exhibit C**, attached hereto.

"Levyable Property" means all property within an Improvement Area of the District which is not Exempt Property.

"Maximum Annual Special Levy" means the maximum Annual Special Levy, determined in accordance with Section B and Section C that can be levied by the District Board in any Fiscal Year on any Parcel of Levyable Property.

"Parcel" means a lot or parcel within the boundaries of an Improvement Area of in the District that is assigned a uniform property code as shown on a Cadastral Map.

"Parcel Map" means an official map of the County designating parcels by uniform property code.

"Platted Property" means all Industrial Lots for which a Final Plat was recorded by the January 1 preceding the Fiscal Year for which the Annual Special Levy is being collected.

"Preliminary Plat" means a preliminary plat of subdivision which has been approved by the Village.

"Public Property" means all property within an Improvement Area in the District owned by or dedicated to the federal government, the State of New Mexico, the County, Village, or any local government or other public agency as of June 30 of the prior Fiscal Year. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the District Administrator in writing of such acquisition, offer or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

"RMA" means this Rate and Method of Apportionment of Special Levy for the District.

"Residential Property" means all portions of Parcels or Levyable Property for which a building permit for purposes of a Dwelling Unit (i) may and is anticipated to be issued or (ii) has been issued.

"Senior Special Levy Bonds" means any Bonds, including parity and/or refunding Bonds, which are secured by a first lien and pledge of the Maximum Annual Special Levies collected from specified Improvement Areas.

"Special Levy Requirement" means that amount determined by the District Board or its designee as required in any Fiscal Year for a specified Improvement Area to pay and/or

reimburse amounts advanced to pay for that separate Improvement Area: (1) Administrative Expenses, (2) debt service on any Bonds, (3) an amount equal to the anticipated delinquent Annual Special Levies, (4) any amount required to replenish any reserve fund established in connection with such Bonds, (5) the costs of credit enhancement and fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any such Bonds, (6) to the extent that Bonds have not been issued, for the reimbursement for the construction and/or acquisition of authorized Public Improvements provided that the inclusion of such costs does not place a levy of Special Levies on the Undeveloped Platted Property or the Undeveloped Property, and (7) for the specified Improvement Area's proportionate share of costs incurred in connection with the formation of the PID. In no event shall a Special Levy be imposed on an Improvement Area for the purpose of paying or reimbursing another Improvement Area for items (1) through (7) above.

"Subordinate Special Levy Bonds" means any Bonds which are not Senior Special Levy Bonds.

"Total Maximum Annual Special Levies" means the sum of the Maximum Annual Special Levy for each Parcel within each Improvement Area of the PID.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Platted Property" means all Platted Property for which a certificate of occupancy permit has not been issued by April 30 preceding the Fiscal Year for which the Annual Special Levy is being collected.

"Undeveloped Property" means all Levyable Property that is not classified as Developed Platted Property or Undeveloped Platted Property.

B. CLASSIFICATION OF PROPERTY

On or about May 1 of each Fiscal Year, all property within each Improvement Area shall be classified as Exempt Property or Levyable Property. All Levyable Property shall be further classified as Developed Platted Property, Undeveloped Platted Property, or Undeveloped Property.

C. MAXIMUM ANNUAL SPECIAL LEVY

The Maximum Annual Special Levy for a Parcel of Levyable Property shall be determined pursuant to the illustrations set forth below.

1. Maximum Annual Special Levy

Prior to the recordation of the Final Plat, the Maximum Annual Special Levy for a Parcel of Levyable Property shall be determined by multiplying the expected number and classification of Dwelling Units, or if the Preliminary Plat has not been filed, then the number and classification of acreage, as

determined from **Exhibit A**, by the corresponding Maximum Annual Special Levy amounts set forth in Table 1 below.

Table 1
Fiesta
Public Improvement District
Maximum Annual Special Levy

Description	Max. Annual Special Levy Improvement Area 1	Max. Annual Special Levy Improvement Area 2
Developed, Platted ⁽¹⁾	\$750/unit	\$750/unit
Undeveloped, Platted ⁽¹⁾⁽²⁾	\$825/unit	\$825/unit
Undeveloped, Property ⁽¹⁾⁽²⁾⁽³⁾	\$4,014/acre	\$4,246/acre

Footnotes

(1) Includes administrative costs as well as 110% debt service coverage.

(2) Includes a 10% contingency applied to undeveloped units (undeveloped, platted) and taxable acreage where Land is not platted (undeveloped, property) to cover debt service on bonds.

(3) Assumes 102.7110 taxable acres in Improvement Area 1 and 109 net taxable acres in Improvement Area 2.

2. Revision to Maximum Annual Special Levy or Prepayment Required Due to Reduction in Total Maximum Annual Special Levies.

If at any time the Administrator determines that there has been or will be a reduction in the Total Maximum Annual Special Levies as a result of an amendment to **Exhibit A**, a revision in the number of Dwelling Units, or other event which reduces the Total Maximum Annual Special Levies such that the annual debt service coverage ratio on any issued and outstanding Senior Special Levy Bonds is less than one hundred ten percent (110%), then at the discretion of the District Board either (i) the Maximum Annual Special Levy for the Parcel(s) located in the Preliminary Plat(s) or Final Plat(s) in which such a reduction has or will occur shall be revised pursuant to C.2.a below to compensate for the reduction or (ii) a prepayment shall be made pursuant to C.2.b below. Each year's annual debt service coverage ratio shall be determined by dividing (i) such year's reduced Total Maximum Annual Special Levies less estimated Administrative Expenses by

(ii) the sum of the corresponding annual interest and principal payments on the Senior Special Levy Bonds.

a. Adjusted Maximum Annual Special Levy

If the District Board determines that the Maximum Annual Special Levy shall be increased to compensate for the reduction in the total Maximum Annual Special Levy, the then applicable Maximum Annual Special Levy for the subject Parcels shall be increased by multiplying such Maximum Annual Special Levy by a quotient the numerator of which is equal to the sum of (i) the then applicable Maximum Annual Special Levies for the

subject Parcels and (ii) the amount by which the Maximum Annual Special Levies for the District is less than the sum of the estimated Administrative Expenses and one hundred ten percent (110%) of the annual interest and principal payments on the outstanding Senior Special Levy Bonds and the denominator of which is equal to the then applicable Maximum Special Levies for the subject Parcels, taking into consideration the changes resulting in the reduction. The District Board shall take such steps as appropriate to record notice of any such change. Note, no adjustment shall be made prior to the sale of Bonds.

b. Prepayment of Reduction

If the District Board determines that the reduction in the Maximum Annual Special Levies shall be prepaid, such prepayment amount shall be computed pursuant to Section H, with the following modifications:

- The difference between the Maximum Annual Special Levies required for one hundred ten percent (110%) debt service coverage on the Senior Special Levy Bonds and the amount to which the Maximum Annual Special Levies have been reduced shall serve as the numerator when computing Principal; and
- The Maximum Annual Special Levies necessary for the annual debt service coverage ratio to equal 110% on the Senior Special Levy Bonds shall serve as the denominator when computing principal.

3. Amendments

Exhibit A may be amended pursuant to an executed certificate, the form of which is attached as **Exhibit B**. Any amendment to **Exhibit A** approved by the District Board shall be recorded with the County Clerk.

D. APPORTIONMENT OF ANNUAL SPECIAL LEVY

Commencing with Fiscal Year 2020-2021 and for each following Fiscal Year, the District Board shall apportion the Annual Special Levy to each Parcel of Levyable Property in each Improvement Area in equal percentages until the Annual Special Levies equal the Special Levy Requirement for that Improvement Area, provided the Annual Special Levy for any Residential Property does not exceed its Maximum Annual Special Levy, in accordance with the following steps:

First: The Annual Special Levy shall be collected from each Parcel of Developed Platted Property in an Improvement Area in equal percentages up to 100% of the applicable Maximum Annual Special Levy;

Second: If additional monies are needed to fund the Special Levy Requirement in an Improvement Area after the first step, the Annual Special Levy shall be collected from each Parcel of Undeveloped Platted Property in an Improvement Area in equal percentages up to 100% of the applicable Maximum Annual Special Levy; and

Third: If additional monies are needed to fund the Special Levy Requirement in an Improvement Area after the second step, the Annual Special Levy shall be collected from each Parcel of Undeveloped Property in that Improvement Area in equal percentages up to 100% of the applicable Maximum Annual Special Levy.

Equal percentages means the Annual Special Levy for each Parcel of Developed Platted Property in an Improvement Area, computed as a percentage of its applicable Maximum Annual Special Levy, is the same as for all other Parcels of Developed Platted Property in that Improvement Area; the Annual Special Levy for each Parcel of Undeveloped Platted Property in the Improvement Area, computed as a percentage of its applicable Maximum Annual Special Levy, is the same as for all other Parcels of Undeveloped Platted Property in that Improvement Area; and the Annual Special Levy for each Parcel of Undeveloped Property in an Improvement Area, computed as a percentage of its applicable Maximum Annual Special Levy, is the same as for all other Parcels of Undeveloped Property in that Improvement Area.

E. MANNER OF COLLECTION

The Annual Special Levy shall constitute a lien on the property subject thereto which shall have priority co-equal to the lien of general ad valorem property taxes. The Annual Special Levy will be billed by the County in the same manner and at the same time as general ad valorem property taxes and will appear as a separate item on the property tax bill for real property within each Improvement Area as that property is identified on the tax roll on January 1 of each year in which the Annual Special Levy is in effect. As provided in the Act, the District has established foreclosure remedies which shall apply following nonpayment of the Annual Special Levy, which are referred to in the Notice of Imposition of Special Levy. Under those procedures, the Annual Special Levy is subject to foreclosure by the District beginning six months after written notice of delinquency is provided to the owner of the real property to which the delinquency applies. The lien of the Annual Special Levy includes delinquencies, penalties and interest thereon at a rate not to exceed the maximum legal rate of interest per year and penalties otherwise applicable.

F. TERM

The Annual Special Levy that is pledged to pay debt service on the Bonds shall cease to be levied and collected following the payment of all scheduled interest, principal, and premium, if any, for the Bonds.

G. EXEMPTIONS

Property exempt from the Annual Special Levy consists of (i) Association Property, (ii) Institutional Property, and (iii) Public Property.

H. PREPAYMENT

The Maximum Annual Special Levy for the current and all remaining Fiscal Years through the final maturity of the outstanding Bonds for any Parcel may be prepaid in full or in part and the obligation of the Parcel to pay that portion of the Maximum Annual Special Levy that has been prepaid permanently satisfied as described herein, provided that a prepayment may be made only if there are no outstanding delinquent Annual Special Levies with respect to such Parcel and all other Parcels under the same ownership at the time of prepayment. An owner of a Parcel intending to prepay the Maximum Annual

Special Levy shall provide the District Board with written notice of intent to prepay and the amount of the Maximum Annual Special Levy to be prepaid. Within 30 days of receipt of such written notice, the District Board or its designee shall notify such owner of the prepayment amount for such Parcel and the date through which such prepayment shall be valid.

A "**Full Prepayment**" means an amount equal to (a) the sum of (1) Principal, (2) Premium, (3) Defeasance, (4) Unfunded Public Improvement Costs, and (5) Fees minus (b) the sum of (1) the Reserve Fund Credit and (2) the Capitalized Interest Credit, if provided for in the Indenture, where the terms "Principal," "Premium," "Defeasance," "Unfunded Public Improvement Costs," "Fees," "Reserve Fund Credit," and "Capitalized Interest Credit" have the following meanings:

"**Principal**" means the principal amount of Bonds to be redeemed and equals the quotient derived by dividing (i) the then applicable Maximum Annual Special Levy for the Parcel intending to prepay by (ii) the corresponding Maximum Annual Special Levies for the corresponding District Improvement Area, (and excluding from (ii) any Maximum Annual Special Levies for Parcels which have been previously prepaid in that Improvement Area), and multiplying the quotient by the principal amount of outstanding Bonds for that Improvement Area.

"**Premium**" means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for any Bonds so redeemed with the proceeds of any such prepayment.

"**Defeasance**" means the amount needed to pay interest on the Principal to be redeemed until the earliest redemption date for the outstanding Bonds in the specific Improvement Area less any Annual Special Levies heretofore paid for such Parcel and available to pay interest on the redemption date for the Bonds.

"**Unfunded Public Improvement Costs**" means the portion of the public improvement costs for that Improvement Area that have not been financed and/or reimbursed from Bond proceeds that is allocable to the Parcel to which the Full Prepayment applies and equals the quotient derived by dividing (i) the then applicable Maximum Annual Special Levy for the Parcel intending to prepay by

(ii) the corresponding Maximum Annual Special Levies for the Improvement Area in which the Parcel is located, (and excluding from (ii) any Maximum Annual Special Levies for Parcels in that Improvement Area which have been previously prepaid), and multiplying the quotient by the aggregate amount of public improvement costs attributable to that Improvement Area that have not been financed and/or reimbursed from Bond proceeds as determined by the Administrator.

"**Fees**" equal the expenses of the District and/or an Improvement Area associated with the Prepayment as calculated by the District Board or its designee and include, but are not limited to, the costs of computing the Full Prepayment, the costs of amending any Annual Special Levy previously enrolled with the County, the costs of redeeming the Bonds, and the costs of recording and publishing any notices to evidence the prepayment of the Maximum Annual Special Levy and the redemption of Bonds.

"Reserve Fund Credit" shall equal the lesser of (i) the Reserve Fund Requirement (as such term is defined in the Indenture) multiplied by the quotient used to calculate Principal or (ii) an amount determined by subtracting the Reserve Requirement in effect after the redemption of Bonds from the balance in the Reserve Fund (as such term is defined in the Indenture) on the prepayment calculation date, provided that the amount determined is not less than zero.

"Capitalized Interest Credit" shall equal the reduction in interest payable on the Bonds due to the redemption of Principal from the Full Prepayment from the redemption date for the Bonds redeemed from the Full Prepayment to the end of the capitalized interest period, as determined by the Board or its designee. No capitalized interest credit is given if the redemption date for the Bonds redeemed from the Full Prepayment is after the capitalized interest period.

The sum of the amounts calculated in the preceding steps shall be paid to the District and shall be used to (a) pay interest and principal on Bonds, (b) redeem Bonds in accordance with the Indenture, (c) pay or reimburse the cost of Public Improvements, and (d) pay Fees associated with the Full Prepayment. Upon the receipt of the Full Prepayment by the District and the deposit of such funds with the Trustee, the obligation to pay the Maximum Annual Special Levy for such Parcel shall be deemed to be permanently satisfied, the Maximum Annual Special Levy shall not be levied thereafter on such Parcel, and the Administrator shall cause a notice of cancellation of the Maximum Annual Special Levy for such Parcel to be recorded.

Notwithstanding the foregoing, no Full Prepayment shall be allowed unless the amount of Maximum Annual Special Levy that may be collected after the proposed prepayment is at least the sum of (i) the estimated Administrative Expenses associated with and/or allocable to the Special Levy Requirement and (ii) one hundred ten percent (110%) of the debt service for the Senior Special Levy Bonds issued and outstanding, taking into account the amount of Senior Special Levy Bonds to remain outstanding after such prepayment.

I. AMENDMENTS

This RMA may be amended and/or supplemented pursuant to and to the extent permitted by the Act. The District Board may make clarifications and adopt supplements to the RMA for each Improvement Area with respect to this RMA without further notice under the Act and without notice to owners of property within an Improvement Area in order to (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Annual Special Levy so as to ensure the efficient collection of the Annual Special Levy for the benefit of the owners of the Bonds and the District, respectively, and/or (iii) provide for such other changes that are within the parameters set forth in the Village's public improvement district formation resolution forming the Improvement Area of the District. The District Board may amend this RMA in connection with an amended Fiesta Public Improvement District General Plan without further notice under the Act and without notice to owners of Levyable Property in order to specify the amended Maximum Annual Special Levy for any Levyable Property that is the subject of the Amended General Plan.

No amendment shall be approved by the District Board if it violates any other agreement binding upon the District and unless and until it has (i) found and determined that the

amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds of a specific Improvement Area or the District Board has obtained the consent of one hundred percent (100%) of the owners of the Bonds for a specific Improvement Area and (ii) received an opinion from bond counsel to the effect that the amendment does not violate the Act, and is authorized pursuant to the terms of the Indenture and this RMA or any respective Supplement RMA.

RMA - EXHIBIT A

Estimated Dwelling Units by Improvement Area

Description	Residential Dwelling Units
Improvement Area 1	433
Improvement Area 2	561
Total	994

Source: Developer.

RMA - EXHIBIT B
Certificate to Amend Exhibit A
Of the Rate and Method of Apportionment of Special Levy
For the District

By execution hereof, the undersigned acknowledges, on behalf of the District Board of the Public Improvement District approval of this certificate and modification of **Exhibit A**, Levy Calculations, of the Rate and Method of Apportionment as set forth in this certificate.

DISTRICT BOARD

By: _____
Administrator Signature

Printed Name

Date: _____

APPENDIX C

GENERAL INFORMATION REGARDING THE VILLAGE OF LOS LUNAS AND VALENCIA COUNTY

ECONOMIC AND DEMOGRAPHIC INFORMATION

The statistics and other information set forth below have been obtained from the referenced sources. The Village has assumed that the information obtained from sources other than the Village is accurate without independently verifying it. Historical figures provided under this caption have not been adjusted to reflect economic trends such as inflation. The following information, to the extent obtained from sources other than the Village, is not to be relied upon as a representation or guarantee of the Village.

The Village and Metropolitan Area

The Village of Los Lunas is the County Seat of Valencia County. It is a growing community located in the Rio Grande Valley, 10 miles north of the City of Belen and 21 miles south of the City of Albuquerque. While agriculture is still one of the major activities, government, trade and services provide the majority of jobs for Los Lunas residents. In 2019, Facebook completed construction on a data center in Los Lunas. The data center includes six buildings covering nearly 2.8 million square feet and brought an additional 150 jobs to the area. In 2024, Amazon opened a new fulfillment center covering a million square feet in size and providing 1,100+ new jobs.

Valencia County is included in the Albuquerque Metropolitan Statistical Area (“MSA”) which also includes the Counties of Bernalillo, Sandoval and Torrance.

Population

The following table sets forth a history of the populations of the Village of Los Lunas, Valencia County, Albuquerque Metropolitan Statistical Area (“MSA”) and the State.

POPULATION

Year	Village of Los Lunas	Valencia County	Albuquerque MSA	State
1980	4,097	30,768	-- ⁽¹⁾	1,309,400
1990	6,097	45,235	589,131	1,519,933
2000	10,034	66,169	731,712 ⁽²⁾	1,821,204
2010	14,835	76,569	889,581	2,059,179
2020	17,242	76,205	917,502	2,117,522
2024 ⁽³⁾	19,907	80,813	926,303	2,130,256

(1) Valencia County split into two counties in 1981 and official data is not available prior to that year for the Albuquerque MSA.

(2) The Albuquerque MSA expanded to include Torrance County, population of 16,911.

(3) Quick Facts Population Estimates, July 1, 2024 (V2024 - City, County State); and Annual Estimates for MSAs, July 1, 2024 (CBSA-MET-EST2024-POP).

Sources: U.S. Census Bureau, Population Division.

Age Distribution

The following table sets forth a projected comparative age distribution profile for the Village, the County, the Metropolitan Statistical Area, the State and the United States as of January 1, 2025.

**Percent of Population Projection - 2025
By Age Group**

Age	Village	Valencia County	Albuquerque MSA	State	United States
0-17	23.1%	21.7%	19.8%	20.9%	21.0%
18-24	9.6	9.4	9.2	10.0	9.6
25-34	13.2	12.7	13.4	13.0	13.2
35-44	13.6	12.3	13.8	12.9	13.2
45-54	11.5	11.4	11.9	11.2	12.1
55-64	10.6	12.3	12.1	11.7	12.3
65-74	10.6	11.5	11.4	11.7	10.6
75 and Older	7.9	8.6	8.4	8.6	7.9

Source: © Claritas, LLC 2025.

Employment

The following table provides information on non-farm employment for the County, Albuquerque MSA, and the State, and includes workers in the goods-producing sectors and the service-providing sectors. It excludes farm workers, private household employees and the self-employed. Nonfarm payrolls are considered a leading economic indicator as they can signal shifts in the economy's strength. More detailed information on non-farm employment can be found below under "Historical Employment by Sector" in the table entitled "Non-Farm Employment By Industry Sector, Valencia County 2020-2024".

Non-Farm Employment (000s)						
Calendar Year	COUNTY OF VALENCIA		ALBUQUERQUE MSA		NEW MEXICO	
	Employment⁽¹⁾	% Chg.	Employment⁽²⁾	% Chg.	Employment⁽²⁾	% Chg.
2015	27.6	--	380.8	--	824.3	--
2016	27.9	1.1%	386.6	1.5%	825.4	0.1%
2017	28.4	1.8	389.1	0.6	828.8	0.4
2018	28.7	1.1	393.7	1.2	841.1	1.5
2019	29.1	1.4	398.7	1.3	855.2	1.7
2020	28.6	-1.7	376.0	-5.7	799.7	-6.5
2021	28.2	-1.4	387.6	3.1	814.9	1.9
2022	29.9	6.0	405.1	4.5	850.4	4.4
2023	31.1	4.0	415.4	2.5	875.5	2.3
2024	31.6	1.6	421.1	1.4	888.2	1.5

(1) Calendar year average data from New Mexico Department of Workforce Solutions, Not Seasonally Adjusted.

(2) Calendar year average data from U.S. Department of Labor, Not Seasonally Adjusted (Series SMU351074000000000001 and Series SMU3500000000000000001).

Sources: New Mexico, Dept. of Workforce Solutions, Local Area Unemployment Statistics, and U.S. Bureau of Labor Statistics.

Valencia County Employment/Unemployment Rates

Calendar Year	County of Valencia		Unemployment Rates			
	Labor Force	Number Employed	County of Valencia	Albuquerque MSA	New Mexico	United States
2015	29,860	27,613	7.5%	6.2%	6.6%	5.3%
2016	30,393	28,213	7.2	6.0	6.8	4.9
2017	30,519	28,535	6.5	5.6	6.1	4.4
2018	30,615	28,978	5.3	4.6	4.9	3.9
2019	30,961	29,310	5.3	4.6	5.0	3.7
2020	30,095	27,800	7.6	7.6	7.9	8.1
2021	31,213	29,011	7.1	6.5	7.1	5.3
2022	31,869	30,518	4.2	3.7	4.1	3.6
2023	32,766	31,499	3.9	3.4	3.7	3.6
2024	33,271	31,823	4.4	3.9	4.1	4.0
Month of May						
2024	33,022	31,680	4.1%	3.5%	3.8%	3.7%
2025 ⁽¹⁾	33,530	32,084	4.3	3.8	4.1	4.0

(1) Preliminary data.

Sources: State of New Mexico, Dept. of Workforce Solutions, Local Area Unemployment Statistics, and U.S. Bureau of Labor Statistics.

The following two tables list the major employers in the Village of Los Lunas and in the general Albuquerque metro area.

MAJOR EMPLOYERS IN VILLAGE OF LOS LUNAS - 2024

Organization	Industry	Employees
Amazon Fulfillment Center	Distribution/Logistics	1,500 – 1,800
Fortis Construction & Subcontractors	Construction	1,000 – 1,200
Los Lunas Schools	Education/Government	1,100
Walmart Distribution Center	Warehouse/Logistics	850 – 950
NM Corrections Department	Public Sector/Government	600
Meta Data Center	Internet Technologies	325
Valencia County	Public Sector/Government	300
Walmart Supercenter	Retail	300
Village of Los Lunas	Public Sector/Government	265
Albertson's	Retail	150
Lowe's Home Improvement	Retail	150
Smith's Food and Drug	Retail	132
Melloy Auto Group	Retail	131
The Home Depot	Retail	120
Wall Colmonoy	Manufacturing	85
Accurate Machine and Tool	Manufacturing	70
ACIM	Manufacturing	55
Fresenius Medical Care	Manufacturing	45

Source: Administration Department, Village of Los Lunas.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA - 2024

Organization	Employees	Description
Sandia National Labs	13,361	Science-Based Technologies that Support National Security
Presbyterian Health System ⁽¹⁾	12,644	Hospital/Medical Services
Albuquerque Public Schools	11,867	Public School District
UNM Hospital	7,256	Hospital/Medical Services
City of Albuquerque	7,020	Government
University of New Mexico ⁽²⁾	4,641	Educational Institution
Kirtland Air Force Base (Military)	4,100	Air Force Materiel Command
State of New Mexico	3,946	Government
Kirtland Air Force Base (Civilian)	3,700	Air Force Materiel Command
NM Veterans Affairs Healthcare System	3,240	Hospital/Medical Services

(1) Does not include 250 agency and contract full-time employees.

(2) UNM changed its reporting structure to remove student employment from its fact book.

Source: City of Albuquerque Annual Comprehensive Financial Report for year ended June 30, 2024 except for Presbyterian, which was adjusted to reflect only those Presbyterian employees located in Albuquerque.

Historical Employment by Sector

The following table describes by industry sector the estimated non-farm employment (wage and salary) for Valencia County during the past five years. In 2024, the largest employment sector in Valencia County was government (comprising approximately 22.1% of the county's work force), followed, in order, by health care and social assistance; retail trade; construction; and accommodation and food services. For the twelve-month period ending December 31, 2024, total average employment in

Valencia County increased by approximately 2.3% as compared to the same twelve-month period ending December 31, 2023.

**ESTIMATED NON-FARM EMPLOYMENT BY INDUSTRY SECTOR
VALENCIA COUNTY
CALENDAR YEARS 2020-2024
(Thousands))**

Employment	2020	2021	2022	2023	2024	Percent	Sector Share	
						2023 to 2024	2024	U.S.⁽¹⁾
Total	14,903	15,634	16,335	17,052	17,437	2.3%	100.0%	100.0%
Agriculture, Forestry, Fishing, Hunting	184	204	211	126	134	6.3	0.6	0.8
Mining, Quarrying, Oil & Gas Extraction	24	18	15	16	23	43.7	0.0	0.4
Utilities	52	52	52	55	59	7.3	0.6	0.4
Construction	1,663	1,869	1,993	2,226	2,021	-9.2	11.5	5.2
Manufacturing	762	793	720	669	768	14.8	4.6	8.2
Wholesale Trade	146	93	92	139	151	8.6	0.6	3.9
Retail Trade	2,589	2,735	2,800	2,791	2,708	-3.0	15.5	10.0
Transportation & Warehousing	991	1,009	1,192	1,109	1,228	10.7	6.9	4.2
Information	118	141	164	179	191	6.7	1.1	1.9
Finance & Insurance	244	237	243	215	214	-0.5	1.1	4.1
Real Estate & Rental/Leasing	131	108	115	114	121	6.1	0.6	1.5
Professional, Scientific & Technical Services	296	316	347	351	387	10.3	2.3	7.0
Management of Companies & Enterprises	60	65	61	57	64	12.3	0.6	1.7
Administrative & Waste Management	248	225	269	348	380	9.2	2.3	6.0
Educational Services	93	141	174	191	184	-3.7	1.1	2.1
Health Care & Social Assistance	2,007	2,358	2,489	2,878	3,054	6.1	17.2	14.4
Arts, Entertainment & Recreation	53	51	55	62	57	-8.1	0.6	1.7
Accommodation & Food Services	1,447	1,496	1,568	1,610	1,580	-1.9	9.2	9.1
Other Services	223	223	237	237	258	8.9	1.7	3.0
Government	3,571	3,500	3,538	3,679	3,857	4.8	21.8	14.5
LOCAL GOVERNMENT	2,402	2,424	2,538	2,659	2,804	5.5	16.1	9.4
STATE GOVERNMENT	1,062	978	99	920	943	2.5	5.2	3.1
FEDERAL GOVERNMENT	107	98	901	100	110	10.0	0.5	1.9

(1) Preliminary data.

Source: State of New Mexico, Department of Workforce Solutions, Labor Analysis Statistics & Economic Research (LASER), Quarterly Census of Employment and Wages (QCEW), and U.S. Bureau of Labor Statistics (June 2024).

Construction

The Village of Los Luna requires a Development Plan Application for review before approval to proceed with building a home, a commercial structure, or any structure over 120 square feet. The following table sets forth a history of applications that were reviewed.

History of Development Plan Applications – Village of Los Lunas

Application Type	2021	2022	2023	2024	2025⁽¹⁾
New Single Family Residential	314	263	260	264	134
New Non-Residential	18	8	12	5	4

(1) As of July 9, 2025.

Source: Community Development Department, Village of Los Lunas.

The following table sets forth the number of estimated occupied housing units in each of the past three decennial years in Valencia County. The number of single family units has steadily increased over that period of time.

Valencia County – Estimates of Occupied Housing Units

Occupied Housing	Total Occupied Units	Single Family	Multi-Family	Mobile Homes & Others
As of 2000 Census	22,681	13,266	1,712	7,703
As of 2010 Census	27,387	16,021	2,437	8,929
As of 2020 Census	26,456	17,084	1,648	7,724

Source: U.S. Census Bureau.

Income

The following table sets forth annual per capita personal income levels for Valencia County, Albuquerque MSA, the State and the United States. The Bureau of Economic Analysis defines “earnings” to include wages and salaries, proprietor’s income and other labor income (such as bonuses).

Per Capita Personal Income

Calendar Year	Valencia County	Albuquerque MSA	New Mexico	United States
2014	\$30,229	\$37,292	\$36,880	\$46,289
2015	31,463	38,653	37,752	48,062
2016	32,697	40,062	38,474	48,974
2017	33,125	40,817	39,196	51,006
2018	34,492	42,196	40,976	53,311
2019	35,998	44,616	43,223	55,567
2020	39,475	48,463	46,483	59,114
2021	43,347	52,372	50,682	64,450
2022	45,318	54,687	53,069	66,096
2023	46,944	57,278	55,166	69,418
2024	n/a	n/a	57,652	72,425

(1) State and national figures posted March 2025; County and MSA figures as of February 2025.

Source: U. S. Bureau of Economic Analysis.

The following table reflects the Percent of Households by Effective Buying Income Groups

(“EBI”). EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of “in kind” income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

**Estimated Percent of Households by
Effective Buying Income Groups**

2025 Projected Effective Buying Income Group⁽¹⁾	Village of Los Lunas	Valencia County Percent	Albuquerque MSA Percent	New Mexico Percent	United States Percent
Under \$24,999	21.1%	23.0%	17.1%	19.8%	14.9%
\$25,000 - \$34,999	7.6	10.6	7.7	8.8	7.8
\$35,000 - \$49,999	12.9	16.4	14.6	14.6	12.6
\$50,000 - \$74,999	19.4	18.0	19.2	19.1	18.5
\$75,000 - \$99,999	16.5	13.6	14.9	13.9	14.6
\$100,000 - \$124,999	9.6	8.2	10.5	9.6	10.3
\$125,000 - \$149,999	5.5	3.9	5.5	5.0	6.3
\$150,000 - \$199,999	4.6	3.5	5.3	4.8	6.4
Over \$200,000	2.8	2.9	1.0	4.5	8.4

**Estimated Median
Household Effective
Buying Income⁽²⁾⁽³⁾**

2024 Est. Median Household Income	\$59,261	\$48,541	\$60,258	\$55,579	\$67,310
2025 Est. Median Household Income	60,443	50,039	63,028	58,118	69,245

(1) Estimated snapshots of income groups on January 1, 2025.

(2) Annual estimated snapshots of effective buying income on January 1st of each year.

(3) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © Claritas, LLC 2024-2025.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[November __], 2025

Fiesta Public Improvement District
c/o Village of Los Lunas, New Mexico

Jefferies LLC
San Antonio, Texas

\$3,595,000
Fiesta Public Improvement District
(Village of Los Lunas, New Mexico)
Special Levy Revenue Bonds (Improvement Area 1), Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to Fiesta Public Improvement District (the "District") in connection with the issuance and sale by the District of its \$3,595,000 Special Levy Revenue Bonds (Improvement Area 1), Series 2025 (the Bonds"). The Bonds are issued pursuant to the Public Improvement District Act, Sections 5-11-1 through 5-11-27 NMSA 1978, as amended, Resolution No. 2025-10 adopted by the Board of Directors of the District (the "Board") on September 25, 2025, as supplemented by a Sale Certificate executed on [____], 2025 (collectively, the "Bond Resolution"), and an Indenture of Trust and Security Agreement dated as of [November 1], 2025 (the "Indenture") by and between the District and BOKF, NA, as trustee (the "Trustee"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Indenture.

In such capacity, we have examined the Indenture, a tax compliance certificate of the District dated the date hereof (the "Tax Certificate"), the laws of the State of New Mexico and the United States of America relevant to the opinions herein, and other proceedings and documents to the extent we deemed necessary to render the opinion set forth herein. As to the questions of fact material to the opinions below, we have relied upon representations of the District contained in the certified proceedings and other certifications of representatives of the District furnished to us, without undertaking to verify them by independent investigation, and we have assumed, but did not independently verify, that the signatures on all documents and certificates that we reviewed are genuine.

The Bonds constitute valid and binding special levy obligations of the District, payable solely from Pledged Revenues (as that term is defined in the Indenture) including a first lien on and pledge of amounts derived from the Improvement Area 1 Special Levy (as that term is defined in the Indenture), which will constitute a lien on benefited property in the District with a priority co-equal to the lien of property taxes thereon, and certain funds and accounts held under the Indenture to the extent specified in the Indenture. The Bonds are not a lien or charge upon the funds or property of the District except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the District, the Village of Los Lunas, Valencia County, the State of New Mexico or any subordinate entity or political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of such Village, County or State and neither the Village, the County nor the State is liable for the payment thereof.

The Indenture constitutes a valid and binding obligation of the District.

Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions set forth above in paragraph 3 are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The District has covenanted to comply with all such requirements. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The obligations of the District related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the District and the security provided therefor, as contained in the Bond Resolution, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The opinions expressed herein are based upon existing laws as of the date of issuance and delivery of the Bonds. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, or regarding the perfection or priority of the lien on the Pledged Revenues or other funds created by the Bond Resolution. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation. Furthermore, this opinion assumes, in reliance on Developer Certificate from Sivage Community Development, LLC, dated [November __], 2025, and without investigation, that the Village of Los Lunas, New Mexico has determined that the "No Village Funds" test described in the PID Infrastructure Development and Acquisition Agreement, to the extent applicable, either has been met or waived.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any fact or circumstances that may later come to our attention, or any changes in law that may later occur. We are passing upon only those matters set forth in this opinion letter and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed in paragraphs 3 and 4 above.

Very truly yours,

APPENDIX E

AUDITED DISTRICT FINANCIALS
FOR FISCAL YEAR ENDED JUNE 30, 2024

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$ _____

FIESTA PUBLIC IMPROVEMENT DISTRICT
(LOS LUNAS, NEW MEXICO)

SPECIAL LEVY REVENUE BONDS, SERIES 2025
(CUSIP BASE NUMBER _____)

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by Fiesta Public Improvement District, a public improvement district duly organized and validly existing pursuant to the laws of the State of New Mexico (the “Issuer”), in connection with the issuance of the above-captioned municipal securities (the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions. Capitalized terms used and not otherwise defined in this Undertaking shall have the respective meanings set forth in the Official Statement (defined below).

“*Authorizing Documents*” means, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to BOKF, N.A., with respect to the Securities)

“*Dissemination Agent*” means any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access system (“EMMA”) for municipal securities disclosure.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final Official Statement has been provided to EMMA consistent with the Rule.

“*Fiscal Year*” means the fiscal year of the Issuer.

“*Listed Events*” means any of the events listed in Section 3(a).

“*MSRB*” means the Municipal Securities Rulemaking Board. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “Release”) relating to EMMA which became effective on July 1, 2009.

“*Notice of Listed Event*” means any notice provided by the Issuer pursuant to, and as described in, Section 3.

“*Official Statement*” means the final Official Statement, dated [October 22], 2025 with respect to the Securities.

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

“*Semi-Annual Report*” means any semi-annual report due on September 1 and March 1 annually provided by the Issuer pursuant to, and as described in, Section 2.

“*Underwriter*” means Jefferies, LLC.

Section 2. Contents and Provision of Semi-Annual Reports.

a. (i). THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN SEPTEMBER 1 AND MARCH 1 OF EACH YEAR, COMMENCING MARCH 1, 2026, PROVIDE TO EMMA AND THE UNDERWRITER A SEMI-ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.

(ii). IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE A SEMI-ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EMMA, ALONG WITH THE OTHER PARTS, IF ANY, OF THE SEMI-ANNUAL REPORT

b. (i). The Semi-Annual Reports shall contain or incorporate by reference the following:

A. An updated version of the “Sample Property Tax Bill” table in the Official Statement.

B. Assessed value of Improvement Area 1 property within the boundaries of the Issuer as reported by the County Assessor.

C. Information concerning delinquencies in the payment of “Special Levy” (as such term is defined in the Official Statement) installments securing the Securities including (i) the total amount of delinquencies within the boundaries of the Issuer, both as a dollar amount and as a percentage of the total levy for the applicable Fiscal Years, and (ii) with respect to any other residential lot in which there is a Special Levy delinquency of any amount in such Fiscal Year, the following information:

- I. Assessor’s parcel number;
- II. Record owner of the parcel;
- III. Amount of the delinquency;
- IV. Due date of first delinquent installment; and

V. Status of foreclosure actions, if any.

D. Reserved.

E. Current balances, as of August 1 and February 1, respectively, in the funds held pursuant to the Indenture of Trust described in the Official Statement.

F. (i) If available, audited financial statements for the Issuer for the preceding Fiscal Year prepared on the basis of generally accepted accounting principles as applied to governmental units. **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.** In each Semi-Annual Report or other filing containing the financial statements of the Issuer, the following statement shall be included in bold type: “THE FOLLOWING FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF’S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE VILLAGE OF LOS LUNAS OR THE DISTRICT OTHER THAN THE SPECIAL LEVY IN FIESTA PUBLIC IMPROVEMENT DISTRICT ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE SECURITIES AND NEITHER THE VILLAGE NOR THE ISSUER IS OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE VILLAGE’S OR DISTRICT’S TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE VILLAGE OR THE ISSUER IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE SECURITIES.”

(ii) The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including offering documents of debt issues of the Issuer or related public entities which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) If audited financial statements are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Semi-Annual Report and, if available, the audited financial statements shall be provided to EMMA in the following Semi-Annual Report.

Section 3. Reporting of Listed Events.

a. This Section shall govern the giving of notices of the occurrence of any of the following events (the “Listed Events”) with respect to the Securities:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, *if material*;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(vii) Modifications to rights of bondholders, *if material*;

(viii) Bond calls, *if material*, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Securities, *if material*;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;³

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, *if material*; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

In addition to the Listed Events, the Issuer shall give notice, of any of the following actions occurring at any time subsequent to the issuance of the Securities, taken in connection with the Debt Service Reserve Fund established and defined in the Indenture: (i) the release of funds on deposit therein upon satisfaction of conditions for such release specified in the Indenture; (ii) deposit of a Reserve Fund Insurance Policy in substitution of released funds; or (iii) substitution or modification of a Reserve Fund Insurance Policy on

³ For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

deposit therein. The Issuer shall give the notice as provided in this paragraph within 10 days after the occurrence of any of the actions described herein.

b. WHENEVER THE ISSUER OBTAINS ACTUAL KNOWLEDGE OF THE OCCURRENCE OF ANY LISTED EVENTS, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF LISTED EVENT OF SUCH OCCURRENCE WITH EMMA.

Section 4. Termination. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE A SEMI-ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

Section 5. Amendment or Waiver.

a. Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

b. The Semi-Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Semi-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 qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information

in any Semi-Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Semi-Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Semi-Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 10. Governing Law. This Undertaking shall be governed by and construed in accordance with the laws of the State of New Mexico.

Section 11. Severability. If any section, paragraph, clause, or provision of this Undertaking shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Undertaking, the intent being that the same are severable.

Section 12. Beneficiaries. This Undertaking shall inure solely to the benefit of the Issuer, the Underwriter, and the Beneficial Owners from time to time of the Securities, and shall create no rights in any other person or entity.

Dated: [November __], 2025.

FIESTA PUBLIC IMPROVEMENT DISTRICT

By _____
Chair, Board of Directors

ATTEST

By _____
District Treasurer

APPENDIX G

BOOK-ENTRY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. The District makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

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 certificate will be issued for the Bonds, in the aggregate principal amount of such issue, 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 3.8 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The District undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of

such material contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Bonds under the DTC system must be made by or through Direct or Indirect 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 affect 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.

While the Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy thereof.

APPENDIX H
APPRAISAL

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX J

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE POLICY