Fallbrook Villas
Metropolitan District

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Refunding Analysis

August 2026

STIFEL

Series 2019A&B Limited Tax General Obligation Bonds - Refunding Assumptions

- The District's Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A, and Subordinate Limited Tax General Obligation Bonds, Series 2019B are currently callable on a tax-exempt basis.
- The following refunding analysis assumes the following:
  - 30-year financing term with a final maturity in 2056
  - Contributing the existing bond fund and reserve fund towards the refunding to lower the borrowing cost
  - The District refunds all outstanding 2019A and 2019B Bonds so that it can lower its debt service mill levy for 2027
  - The District may be able to receive bond insurance, which can help to lower the interest rate on the new bonds
  - Level debt service payment
  - The District's 2025 Assessed Valuation of $4,939,220 has been assumed
  - Bonds are refunded after the December call date to avoid the 1% call premium
  - No trustee required, saving the District ~$5,000 annually

(1) 1. Preliminary and subject to change. 2. Interest rate assumptions are based on current market conditions as of August 19, 2026, no underlying rating, and bond insurance. 3. Actual results may differ, and Stifel makes no commitment to underwrite at these levels. 4. Costs of issuance and underwriter's discount are estimates for discussion purposes. 5. Analysis was performed with no changes to the term or the structure of the debt service from the currently outstanding issue.

Series 2019A&B Limited Tax General Obligation Bonds - Refunding Results

Refunding Summary[1]	
Closing Date	10/29/2026
Estimated Escrow Cost (Par + Accrued Interest)	$2,714,246
Refunding Par Amount	$2,620,000
True Interest Cost	5.04%
Maturities Refunded	2026-2049
Estimated Debt Service Savings	$642,868
Estimated 2027 Mill Levy	34.954
2027 Mill Levy Savings	**27.728**
Mill Levy Savings per $500,000 of Home Value	**$866**

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Series 2019A&B Limited Tax General Obligation Bonds – Mill Levy Savings

Collection Year	Property Tax Revenues	Specific Ownership Tax Revenues	Treasurer Fee 1.50%	Revenue Available for Debt Service	Principal	Coupon	Interest	Total	Coverage %	Coverage $	Est. Required Mill Levy	Mill Levy Savings
2027	309,598	7,500	(4,644)	312,454	30,000	5.00%	142,644	172,644	1.81	139,809	34.954	27.728
2028	309,598	7,500	(4,644)	312,454	40,000	5.00%	129,500	169,500	1.84	142,954	34.317	28.364
2029	309,598	7,500	(4,644)	312,454	45,000	5.00%	127,500	172,500	1.81	139,954	34.925	27.757
2030	309,598	7,500	(4,644)	312,454	45,000	5.00%	125,250	170,250	1.84	142,204	34.469	28.212
2031	309,598	7,500	(4,644)	312,454	50,000	5.00%	123,000	173,000	1.81	139,454	35.026	27.656
2032	309,598	7,500	(4,644)	312,454	50,000	5.00%	120,500	170,500	1.83	141,954	34.520	28.162
2033	309,598	7,500	(4,644)	312,454	55,000	5.00%	118,000	173,000	1.81	139,454	35.026	27.656
2034	309,598	7,500	(4,644)	312,454	55,000	5.00%	115,250	170,250	1.84	142,204	34.469	28.212
2035	309,598	7,500	(4,644)	312,454	60,000	5.00%	112,500	172,500	1.81	139,954	34.925	27.757
2036	309,598	7,500	(4,644)	312,454	60,000	5.00%	109,500	169,500	1.84	142,954	34.317	28.364
2037	309,598	7,500	(4,644)	312,454	65,000	5.00%	106,500	171,500	1.82	140,954	34.722	27.959
2038	309,598	7,500	(4,644)	312,454	70,000	5.00%	103,250	173,250	1.80	139,204	35.076	27.605
2039	309,598	7,500	(4,644)	312,454	70,000	5.00%	99,750	169,750	1.84	142,704	34.368	28.314
2040	309,598	7,500	(4,644)	312,454	75,000	5.00%	96,250	171,250	1.82	141,204	34.671	28.010
2041	309,598	7,500	(4,644)	312,454	80,000	5.00%	92,500	172,500	1.81	139,954	34.925	27.757
2042	309,598	7,500	(4,644)	312,454	80,000	5.00%	88,500	168,500	1.85	143,954	34.115	28.567
2043	309,598	7,500	(4,644)	312,454	85,000	5.00%	84,500	169,500	1.84	142,954	34.317	28.364
2044	309,598	7,500	(4,644)	312,454	90,000	5.00%	80,250	170,250	1.84	142,204	34.469	28.212
2045	309,598	7,500	(4,644)	312,454	95,000	5.00%	75,750	170,750	1.83	141,704	34.570	28.111
2046	309,598	7,500	(4,644)	312,454	100,000	5.00%	71,000	171,000	1.83	141,454	34.621	28.061
2047	309,598	7,500	(4,644)	312,454	105,000	5.00%	66,000	171,000	1.83	141,454	34.621	28.061
2048	309,598	7,500	(4,644)	312,454	110,000	5.00%	60,750	170,750	1.83	141,704	34.570	28.111
2049	309,598	7,500	(4,644)	312,454	115,000	5.00%	55,250	170,250	1.84	142,204	34.469	28.212
2050	309,598	7,500	(4,644)	312,454	120,000	5.00%	49,500	169,500	1.84	142,954	34.317	28.364
2051	309,598	7,500	(4,644)	312,454	125,000	5.00%	43,500	168,500	1.85	143,954	34.115	28.567
2052	309,598	7,500	(4,644)	312,454	135,000	5.00%	37,250	172,250	1.81	140,204	34.874	27.808
2053	309,598	7,500	(4,644)	312,454	140,000	5.00%	30,500	170,500	1.83	141,954	34.520	28.162
2054	309,598	7,500	(4,644)	312,454	150,000	5.00%	23,500	173,500	1.80	138,954	35.127	27.554
2055	309,598	7,500	(4,644)	312,454	155,000	5.00%	16,000	171,000	1.83	141,454	34.621	28.061
2056	309,598	7,500	(4,644)	312,454	165,000	5.00%	8,250	173,250	1.80	139,204	35.076	27.605
TOTAL					2,620,000		2,512,394	5,132,394				

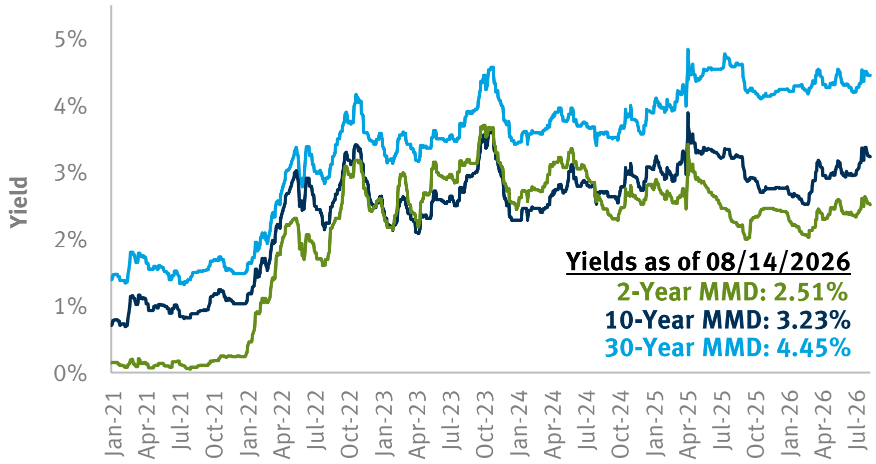
(1) *1. Preliminary and subject to change. 2. Interest rate assumptions are based on current market conditions as of August 19, 2026, no underlying rating, and bond insurance. 3. Actual results may differ, and Stifel makes no commitment to underwrite at these levels. 4. Costs of issuance and underwriter's discount are estimates for discussion purposes. 5. Analysis was performed with no changes to the term or the structure of the debt service from the currently outstanding issue.*

Tax-Exempt Interest Rate Movement

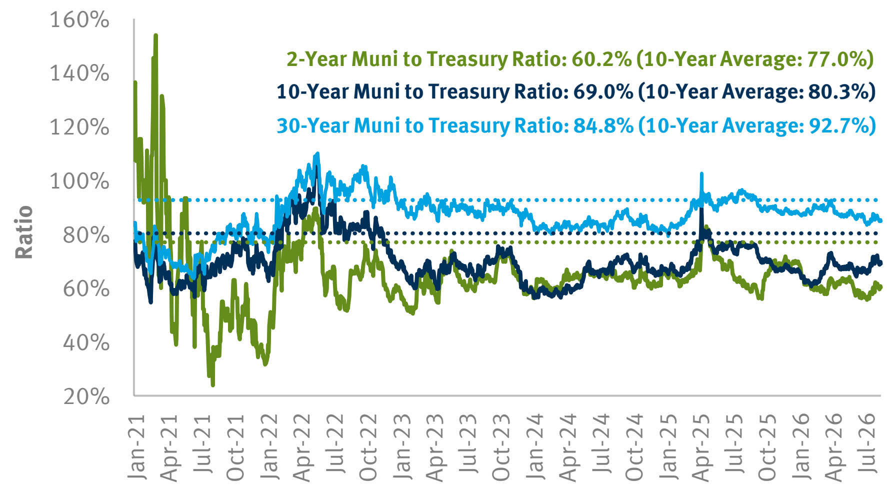
AAA MMD yields fall on the front of the curve while holding steady at the long end.

AAA MMD Yields Since 2021

Comparing 2-, 10- and 30-Year AAA MMD

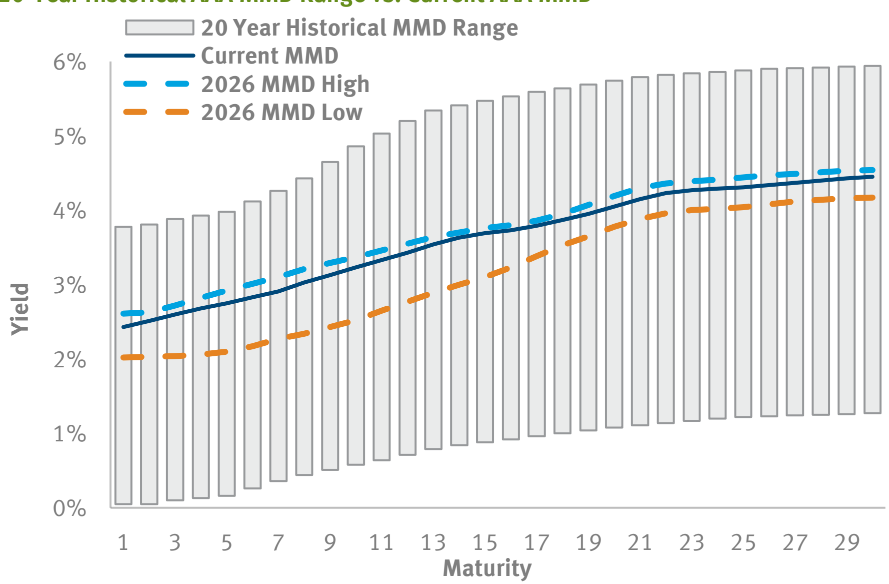


2-, 10- and 30-Year Muni to Treasury Ratios Since 2021



Current AAA MMD Yields and Historic Context

20-Year Historical AAA MMD Range vs. Current AAA MMD



Sources: TM3, US Treasury. As of August 14, 2026.

AAA MMD Summary Statistics

	2-Year	10-Year	30-Year
Current	2.51%	3.23%	4.45%
Weekly Change	-2 bps	-2 bps	+0 bp

2026 Year-to-Date

	2-Year	10-Year	30-Year
YTD Change	+12 bps	+45 bps	+20 bps
High	2.63%	3.37%	4.54%
Low	2.03%	2.52%	4.17%
Average	2.34%	2.92%	4.33%
Beginning of 2026	2.39%	2.78%	4.25%

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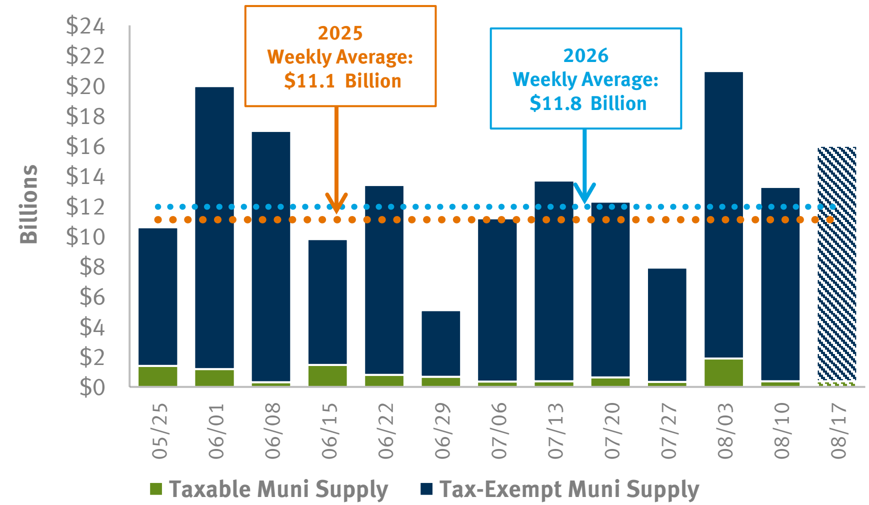
New Issue Supply and Demand

Municipal Issuance Volume

- Total municipal issuance reached a record $575 billion in 2025, up 12% over 2024.
- 2026 weekly volume is ahead of 2025 levels:
    - $11.8 billion in 2026 versus $11.1 billion, $9.6 billion, $7.2 billion, $7.0 billion in 2025, 2024, 2023 and 2022, respectively.
- The week of August 10, municipal supply fell to $13.3 billion, with taxable issuance accounting for $386.8 million.
- This week, municipal supply is expected to rise to $16 billion, with taxable issuance expected to account for $379.4 million.

Weekly Supply

Previous 12 Weeks of New Issue Supply and Forecast of Current Week

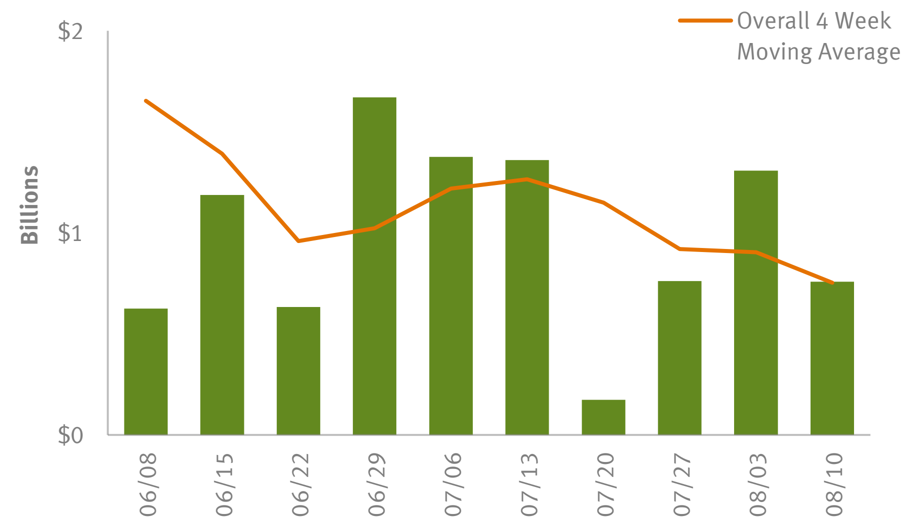


Municipal Bond Funds Register Net Inflows

- Net fund inflows reached $758.5 million during the week of August 10, decreasing from inflows of $1309.3 billion the week prior.
- The four-week moving average of flows decreased to $753.3 million of net inflows compared to $905.2 million of inflows the prior week.
- 2025 average weekly net inflows were $501.8 million, compared to 2024 average weekly net inflows of $402.5 million.
- 2025 net inflows totaled $26.1 billion versus $21.3 billion of inflows in 2024, $15.7 billion of outflows in 2023 and $80.4 billion of outflows in 2022.

Municipal Bond Funds Register Net Inflows

Recent Weekly Municipal Bond Fund Flows



Sources: Lipper, TM3, SIFMA, IHS Markit, Bloomberg, Bond Buyer. As of August 14, 2026.

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Interest Rate Forecast

- U.S. retail sales unexpectedly declined 0.6% in July, marking the largest monthly drop in more than a year. According to the median forecast, retail sales were expected to rise 0.1%. Year-over-year, retail sales climbed 5.0% in July, down from the 6.8% increase in June and marking the smallest gain in four months.

- PPI was unexpectedly flat (0.0%) in July following an upwardly revised 0.1% decline the month prior. According to the median forecast, the PPI was expected to rise 0.2% at the start of the third quarter. Year-over-year, producer prices climbed 4.7% in July, less than the 4.9% rise expected and following a 5.5% annual gain in June. Furthermore, at 4.7%, this marks the smallest annual increase since March.

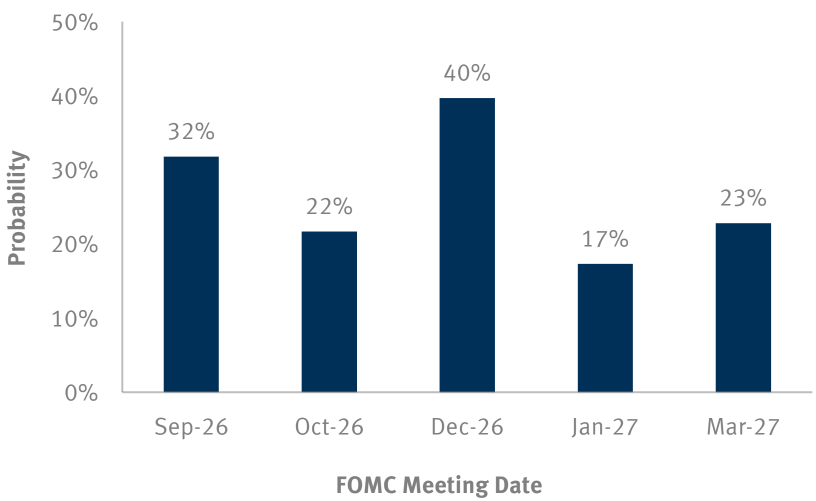
- CPI rose 0.1% in July, as expected. Year-over-year, consumer prices rose 3.4% in July, also in line with expectations and marking the smallest annual increase in four months.

Bloomberg Consensus Yield Curve Projections (%)

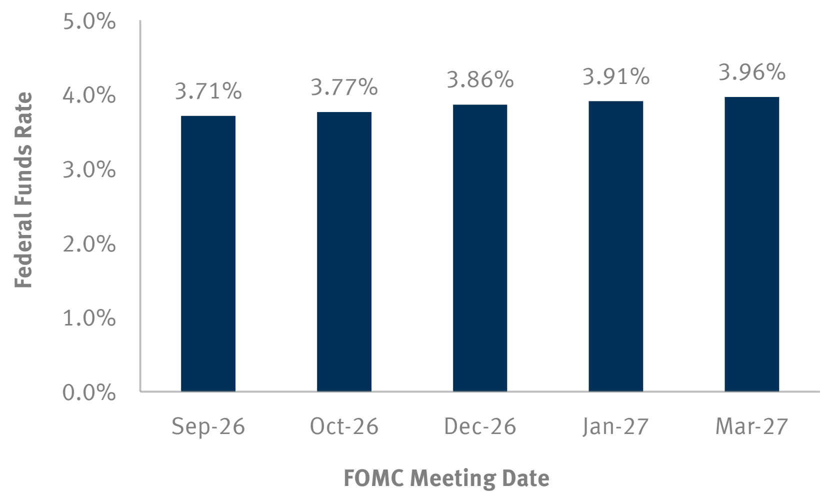
Market Consensus Yield Curve Projections (%)					
	Current	Q3 26	Q4 26	Q1 27	Q2 27
2-Yr UST	4.16	4.11	4.03	3.93	3.85
10-Yr UST	4.68	4.51	4.45	4.41	4.37
30-Yr UST	5.25	5.00	4.97	4.93	4.89

Market Consensus Probability of a Rate Hike at Upcoming Fed Meetings

Calculated Using Fed Funds Futures. (Values < 0% indicate the probability of a rate cut)



Market Consensus Implied Overnight Effective Rate After Each Fed Meeting



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Sources: Stifel Fixed Income Strategy Department, US Treasury, Bloomberg, Thomson Reuters and Bond Buyer. As of August 14, 2026.