

**RESOLUTION NO. 1448**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
JURUPA COMMUNITY SERVICES DISTRICT  
DECLARING ITS INTENTION TO ESTABLISH  
PROPOSED COMMUNITY FACILITIES DISTRICT NO. 21  
(EASTVALE AREA) OF JURUPA COMMUNITY  
SERVICES DISTRICT, COUNTY OF RIVERSIDE, STATE  
OF CALIFORNIA**

**WHEREAS**, the Board of Directors (the "Board of Directors") of Jurupa Community Services District (the "District") has received a petition from the owner and developer of certain property in the District (the "Owner") requesting that the Board of Directors conduct proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982," for the formation of a community facilities district for the purposes of (a) designing, constructing, acquiring and financing through the sale of bonds the design, construction and acquisition of parks and park and recreation facilities, master plan water system facilities, including capacity in existing facilities, and master plan sewer system facilities, including capacity in existing facilities and sewage treatment and disposal capacity, which are necessary to meet increased demands placed upon the District as a result of the development of said property (the "District Facilities"), (b) financing through the sale of such bonds the design, construction and acquisition of certain public school facilities of Corona-Norco Unified School District (the "School Facilities"), and (c) providing for the funding, through the levy of special taxes, of the annual costs of the operation and maintenance of public parks and park and recreation improvements and public parkways and open space areas, including street trees and landscape, within and in the area of the proposed community facilities district, and that the proposed community facilities district be authorized to issue bonds and incur a bonded indebtedness for the purpose of financing such facilities in the aggregate principal amount of \$12,000,000; and

**WHEREAS**, the Owner has proposed that the District enter into a joint community facilities agreement with Corona-Norco Unified School District (the "School District"), pursuant to Sections 53316.2, 53316.4 and 53316.6 of the California Government Code, which will provide for the financing of the School Facilities for the School District with the proceeds of the issuance and sale of the bonds of the proposed community facilities district; and

**WHEREAS**, pursuant to Section 53316.2 of the California Government Code, such a joint community facilities agreement must be approved by adoption by the Board of Directors and the governing board of the School District of a resolution declaring that such agreement will be beneficial to the residents of the District and the School District; and

**WHEREAS**, the Board of Directors has determined that it will be in the public interest and beneficial to the future residents of the proposed community facilities district that it be authorized to incur bonded indebtedness to finance the School Facilities; and

WHEREAS, having received such petition from the Owner, it is appropriate that the Board of Directors adopt a resolution of intention to establish the proposed community facilities district pursuant to Sections 53320 and 53321 of the California Government Code;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT AS FOLLOWS:

**Section 1. Proposed Community Facilities District.** A community facilities district is proposed to be established under the provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982." The name proposed for the community facilities district is "Community Facilities District No. 21 (Eastvale Area) of Jurupa Community Services District, County of Riverside, State of California."

**Section 2. Description and Map of Boundaries.** The boundaries of the proposed community facilities district are described and shown on the map entitled "Boundaries of Community Facilities District No. 21 (Eastvale Area) of Jurupa Community Services District, County of Riverside, State of California" which is on file with the Secretary of the Board of Directors (the "Secretary"). Said map is approved and, pursuant to Section 3110 of the California Streets and Highways Code, the Secretary shall, after conforming with the other requirements of Section 3111 of said Code, record the original of said map in her office and shall file a copy of said boundary map with the County Recorder of the County of Riverside not later than fifteen (15) days prior to the date of the public hearing set forth in Section 9 hereof.

**Section 3. Types of Facilities and Services; Incidental Expenses.**

(a) The types of public facilities proposed to be provided for and financed by the proposed community facilities district (the "Facilities") are:

(1) District Facilities. Parks and park and recreation improvements, master plan water system facilities, including capacity in existing facilities, and master plan sewer system facilities, including capacity in existing facilities and sewage treatment and disposal capacity, of the District; and

(2) School Facilities. Public school facilities of the School District.

(b) The services which are proposed to be funded with the revenues from special taxes which are to be levied on parcels of taxable property within the proposed community facilities district are the operation and maintenance of public parks and park and recreation improvements and public parkways and open space areas, including street trees and landscape, within and in the area of the proposed community facilities district (the "Services").

(c) The incidental expenses which will be incurred are: (i) the cost of planning and designing the Facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the creation of the proposed community facilities district, the issuance of the bonds thereof, the determination of the amount of and collection of special taxes and costs otherwise incurred in order to carry out the authorized purposes of the community facilities

district, and (iii) any other expenses incidental to the construction, completion, and inspection of the Facilities.

**Section 4. Special Taxes.** Except where funds are otherwise available, special taxes sufficient to pay for the Facilities and the Services and to pay the principal of and interest on the bonds of the proposed community facilities district and the annual administrative expenses of the District and the proposed community facilities district in determining, apportioning, levying and collecting such special taxes and in paying the principal of and interest on such bonds and the costs of registering, exchanging and transferring such bonds, secured by the recordation of a continuing lien against all taxable or nonexempt property in the proposed community facilities district, shall be annually levied within the proposed community facilities district.

All parcels of taxable property in the territory of the proposed community facilities district shall be subject to the annual levy of special taxes to pay the principal of and interest on the aggregate principal amount of the bonds of the proposed community facilities district which may be issued and sold to finance the design, construction and acquisition of the Facilities.

The rates and method of apportionment of special taxes to be levied on parcels of taxable property in the proposed community facilities district (i) to pay the principal of and interest on the bonds of the proposed community facilities district which may be issued and sold to finance the Facilities and/or to pay or accumulate funds for paying the costs of the design, construction and acquisition of the Facilities and (ii) to pay for the Services for the proposed community facilities district, and such other expenses and costs, shall be as set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

The maximum amounts of special taxes which may be levied in any year on parcels within the proposed community facilities district which are used for private residential purposes ("Residential Parcels") are specified in dollar amounts in Exhibit "A" hereto. Special taxes shall not be levied on any Residential Parcels to pay the principal of and interest on outstanding bonds of the proposed community facilities district after the tax or fiscal year beginning on July 1, 2044 and ending on June 30, 2045 and that fiscal year shall be the last tax year in which special taxes shall be levied on Residential Parcels for such purpose. Special taxes shall be levied on Residential Parcels to pay the annual costs of the Services which are to be funded thereby, as described in subsection (b) of Section 3 hereof, as long as the District provides the Services. Under no circumstance shall the special taxes levied on any Residential Parcel be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the proposed community facilities district by more than 10 percent.

The conditions under which the obligation to pay the special taxes may be prepaid and permanently satisfied are as set forth in Exhibit "A" hereto.

Pursuant to Section 53340 of the California Government Code, said special taxes shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes.

**Section 5. Exempt Properties.** Pursuant to Section 53340 of the California Government Code and except as provided in Section 53317.3 of said Code, properties of entities of the state, federal, and local governments shall be exempt from the levy of special taxes for the payment of the principal of and interest on the bonds of the proposed community facilities district.

**Section 6. Necessity.** The Board of Directors finds that the proposed District Facilities and the Services described in Section 3 hereof are necessary to meet increased demands placed upon the District as a result of new development occurring within the boundaries of the proposed community facilities district.

**Section 7. Repayment of Funds Advanced or Work-in-Kind.** Pursuant to Section 53314.9 of the California Government Code, the Board of Directors proposes to accept advances of funds or work-in-kind from private persons or private entities and to provide, by resolution, for the use of those funds or that work-in-kind for any authorized purpose, including but not limited to, paying any costs incurred by the District in creating the proposed community facilities district, and to enter into an agreement, by resolution, with the person or entity advancing the funds or work-in-kind to repay funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the Board of Directors.

**Section 8. Prohibition of Owner Contracts.** Pursuant to Section 53329.5 of the California Government Code, the Board of Directors finds that the public interest will not be served by allowing the Owner of property within the proposed community facilities district to enter into a contract in accordance with subdivision (a) of that section, and that such owners shall not be permitted to elect to perform the work and enter into a written contract with the District for the construction of the public facilities pursuant to said Section 53329.5.

**Section 9. Hearing.** A public hearing on the establishment of the proposed community facilities district shall be held at 7:00 p.m. on March 14, 2005 in the meeting room of the Board of Directors at 11201 Harrel Street, Mira Loma, California.

**Section 10. Notice.** The Secretary shall publish a notice of the time and place of said hearing as required by Section 53322 of the California Government Code, and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the proposed community facilities district as prescribed by Section 53322.4 of said Code. Said notice shall be published at least seven (7) days and mailed at least fifteen (15) days before the date of the hearing, and shall contain the information required by said Section 53322.

**Section 11. Report.** The officers of the District who will be responsible for providing the proposed types of public facilities and services to be provided within and financed by the proposed community facilities district, if it is established, shall study the proposed community facilities district, and, at or before the time of said hearing, file a report with the Board of Directors containing a brief description of the public facilities and services by type which will in their opinion be required to adequately meet the needs of the proposed community facilities district and their estimate of the fair and reasonable cost of providing those public facilities and services and the incidental expenses to be incurred in connection therewith. Such

report shall include a description and estimates of the costs of the School Facilities which are proposed to be financed with the proceeds of the sale of the bonds of the proposed community facilities district. Such report shall be made a part of the record of the hearing to be held pursuant to Section 9 hereof.

**Section 12. Description of Voting Procedures.** The voting procedures to be followed in conducting the consolidated special elections on (i) the proposition with respect to the proposed community facilities district incurring bonded indebtedness in an amount not to exceed \$12,000,000, (ii) the proposition with respect to the levy of special taxes on the land within the community facilities district to pay the principal of and interest on the bonds thereof which may be issued and sold to finance the design, construction and acquisition of public facilities or to pay or accumulate funds for paying the costs of the design, construction and acquisition of public facilities, (iii) the proposition with respect to the levy of special taxes on the land within the community facilities district to pay the annual costs of the operation and maintenance of public parks and park and recreation improvements and public parkways and open space areas, including street trees and landscape, and (iv) the proposition with respect to establishing an appropriations limit for the community facilities district in the amount of \$5,000,000, if the community facilities district is established and such consolidated special elections (the "consolidated special elections") are held, shall be as follows:

(a) If at least 12 persons have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the public hearing, the vote in the consolidated special elections shall be by the registered voters of the community facilities district with each voter having one vote. In that event, the consolidated special elections shall be conducted by the Registrar of Voters of the County of Riverside and shall be held on a date selected by the Board of Directors in conformance with the provisions of Section 53326 of the California Government Code and pursuant to the provisions of the California Elections Code governing elections of community services districts, insofar as they may be applicable, and pursuant to said Section 53326 the ballots for the consolidated special elections shall be distributed to the qualified electors of the community facilities district by mail with return postage prepaid and the consolidated special elections shall be conducted as a mail ballot election.

(b) If at the time of the close of the public hearing, and for at least the preceding 90 days, less than 12 persons have been registered to vote within the territory of the community facilities district, and pursuant to Section 53326 of the California Government Code, the vote is therefore to be by the landowners of the community facilities district, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land that he or she owns within the community facilities district, the consolidated special elections shall be conducted by the Secretary as follows:

(1) The consolidated special elections shall be held on the earliest date, following the adoption by the Board of Directors of the resolution determining the necessity for the community facilities district to incur a bonded indebtedness pursuant to Section 53351 of the California Government Code, the resolution of formation establishing the community facilities district pursuant to Section 53325.1 of said Code and a resolution pursuant to Section 53326 of said Code submitting the propositions with respect to (i) the levy of special

taxes to pay the principal of and interest on the bonds of the community facilities district or to pay or accumulate funds for paying the costs of the design, construction and acquisition of public facilities, (iii) the levy of special taxes to pay the annual costs of the operation and maintenance of public parks and park and recreation improvements and public parkways and open space areas, including street trees and landscape, and (iii) establishing an appropriations limit therefor to the qualified electors of the community facilities district, upon which such elections can be held pursuant to said Section 53326 which may be selected by the Board of Directors, or such earlier date as the Owner of land within the community facilities district and the Secretary agree and concur is acceptable.

(2) Pursuant to said Section 53326, the consolidated special elections may be held earlier than 90 days following the close of the public hearing if the qualified electors of the community facilities district waive the time limits for conducting the elections set forth in said Section 53326 by unanimous written consent and the Secretary concurs in such earlier election date as shall be consented to by the qualified electors.

(3) Pursuant to said Section 53326, ballots for the consolidated special elections shall be distributed to the qualified electors by the Secretary by mail with return postage prepaid, or by personal service.

(4) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of community services districts, and specifically Division 4 (commencing with Section 4000) of the California Elections Code with respect to elections conducted by mail, the Secretary shall mail or deliver to each qualified elector an official ballot in a form specified by the Board of Directors in the resolutions calling and consolidating the consolidated special elections, and shall also mail or deliver to all such qualified electors a ballot pamphlet and instructions to voter, including a sample ballot identical in form to the official ballot but identified as a sample ballot, a statement pursuant to Section 9401 of said Code, an impartial analysis by the County Counsel of the County of Riverside, pursuant to Section 9313 of said Code, with respect to the ballot propositions contained in the official ballot, arguments and rebuttals, if any, pursuant to Sections 9314 to 9317, inclusive, of said Code, a return identification envelope with prepaid postage thereon addressed to the Secretary for return of the voted official ballots, and a copy of this resolution or the resolution of formation establishing the community facilities district adopted by the Board of Directors pursuant to Section 53325.1 of the California Government Code; provided, however, that such statement, analysis and arguments may be waived with the unanimous consent of all the landowners, and in such event a finding regarding such waivers shall be made in the resolution adopted by the Board of Directors calling the consolidated special elections.

(5) The official ballot to be mailed or delivered by the Secretary to each landowner-voter shall have printed or typed thereon the name of the landowner-voter and the number of votes to be voted by the landowner-voter and shall have appended to it a certification to be signed by the person voting the official ballot which shall certify that the person signing the certification is the person who voted the official ballot, and if the landowner-voter is other than a natural person, that he or she is an officer of or other person affiliated with the landowner-voter entitled to vote such official ballot, that he or she has been authorized to vote such official ballot on behalf of the landowner-voter, that in voting such official ballot it

was his or her intent, as well as the intent of the landowner-voter, to vote all votes to which the landowner-voter is entitled based on its land ownership on the propositions set forth in the official ballot as marked thereon in the voting square opposite each such proposition, and further certifying as to the acreage of the landowner-voter's land ownership within the community facilities district.

(6) The return identification envelope mailed or delivered by the Secretary to each landowner-voter shall have printed or typed thereon the following: (i) the name of the landowner, (ii) the address of the landowner, (iii) a declaration under penalty of perjury stating that the voter is the landowner or the authorized representative of the landowner entitled to vote the enclosed ballot and is the person whose name appears on the identification envelope, (iv) the printed name and signature of the voter, (v) the address of the voter, (vi) the date of signing and place of execution of said declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the Secretary.

(7) The instruction to voter form to be mailed or delivered by the Secretary to the landowner-voters shall inform them that the official ballots shall be returned to the Secretary properly voted as provided thereon and with the certification appended thereto properly completed and signed in the sealed return identification envelope with the certification thereon completed and signed and all other information to be inserted thereon properly inserted by the hour on the date of the elections specified by the Board of Directors in the resolutions calling the special elections; provided that the elections shall be closed before such hour if the Secretary determines that all of the qualified voters have voted.

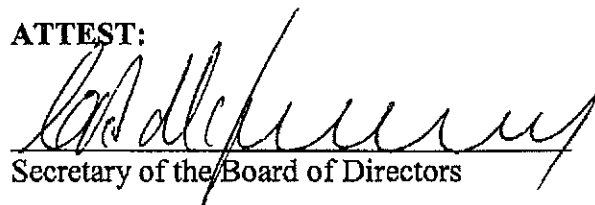
(8) Upon receipt of the return identification envelopes which are returned prior to the voting deadline on the date of the elections, the Secretary shall canvass the votes cast in the consolidated special elections, and shall file a statement with the Board of Directors as to the results of such canvass and the election on each proposition set forth in the official ballot.

The procedures set forth in this section for conducting the consolidated special elections, if they are held, may be modified as the Board of Directors may determine to be necessary or desirable by a resolution subsequently adopted by the Board of Directors.

**ADOPTED** this 24<sup>th</sup> day of January, 2005.

  
\_\_\_\_\_  
President of the Board of Directors

**ATTEST:**

  
\_\_\_\_\_  
Secretary of the Board of Directors

**CERTIFICATION**

I, Carole A. McGreevy, Secretary of the Board of Directors of Jurupa Community Services District, certify that the foregoing resolution was adopted by the Board of Directors at a regular meeting held on the 24<sup>th</sup> day of January 2005 by the following vote of the Directors:


**AYES:** Jack E. Smith, Curtis Hummel, James C. Huber, and Paul E. Hamrick, Kenneth J. McLaughlin

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of Jurupa Community Services District, this 24<sup>th</sup> day of January 2005.

  
Secretary of the Board of Directors

(SEAL)



## EXHIBIT "A"

### RATES AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 21 (EASTVALE AREA) OF JURUPA COMMUNITY SERVICES DISTRICT

A special tax (the "Special Tax") (defined below) shall be applicable to each Parcel (defined below) located in Community Facilities District No. 21 (Eastvale Area) of Jurupa Community Services District ("CFD No. 21"). The amount of Special Tax to be levied on a Parcel of Taxable Property in any Fiscal Year (defined below) shall be determined by the Board of Directors of Jurupa Community Services District (hereinafter the "District") acting in its capacity as the legislative body of CFD No. 21 (hereinafter the "Board of Directors"), as provided in Sections B, C and D. All of the Taxable Property in CFD No. 21 shall be taxed for the purposes, to the extent and in the manner, herein provided.

#### A. DEFINITIONS

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means all ordinary and necessary costs and expenses of the District in administering CFD No. 21, as allowed by the Act, which shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax and payment of debt service on the outstanding bonds of CFD No. 21, any litigation involving CFD No. 21, continuing disclosure undertakings of the District or CFD No. 21 as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses (including any District overhead and salaries).

**"Administrator"** means the General Manager of the District, or his/her designee.

**"Alternative Special Tax Rate"** means with respect to Parcels of Developed Property classified as Residential Property the amount of \$3,338 per Parcel or an amount determined pursuant to Section I, if applicable.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel number.

**"Board of Directors"** means the Board of Directors of the District.

**"CFD No. 21"** means Community Facilities District No. 21 (Eastvale Area) of the District.

**"Church Property"** means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is levied, has been developed or has been approved by the County for development for use as a church sanctuary, synagogue or other such place of worship, which may or may not include associated buildings which are to be used for religious educational

purposes, and which is exempt from taxation pursuant to Section 214 of the Revenue and Taxation Code of the State of California.

**“County”** means the County of Riverside, California.

**“Debt Service and Facilities Special Tax Requirement”** means the amount required in any Fiscal Year after taking into consideration available funds: (1) to pay principal of and interest on all outstanding bonds of CFD No. 21, (2) to pay Administrative Expenses attributable to such bonds and the levy and collection of the Special Taxes, (3) to pay costs of credit enhancement for such bonds and any amount required to be rebated to the United States with respect to such bonds, (4) to replenish the reserve fund for such bonds, and (5) to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or accumulate funds therefor.

**“Developed Property”** means, for each Fiscal Year, (i) for purposes of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Residential Property and Non-Residential Property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, a building permit has been issued which allows residential dwelling units or non-residential buildings to be constructed, or (ii) for purposes of the levy of Special Taxes to satisfy the O & M Special Tax Requirement, all Parcels for which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, there has been recorded in the official records of the County a subdivision map, parcel map, lot line adjustment or any other similar map which subdivides (or creates) such Parcels so that building permits can be issued for construction of one or more residential dwelling units or non-residential buildings thereon.

**“District”** means Jurupa Community Services District.

**“Facilities”** means: (a) water system facilities, including capacity in existing facilities, and sewer system facilities, including capacity in existing facilities and sewage treatment and disposal capacity, of the District, (b) Parks and Park Improvements, (c) public school facilities of Corona-Norco Unified School District, and (d) any other improvements or facilities designated by the District, with an estimated useful life of five years or longer, which are eligible for financing under the Act.

**“Fiscal Year”** means the period from and including July 1 of any year to and including the following June 30.

**“Landscape”** means landscape, including turf, trees, shrubs, bushes, and other cultivated vegetation which is planted and growing in, associated irrigation system facilities which are located in, and hardscape which is located in publicly owned street rights-of-way, parkways and open-space areas.

**“Land Use Regulations”** means the General Plan, Community Plan, Zoning Ordinance, any Specific Plan, and any other applicable land use regulations of the County of Riverside, or any successor agency.

**“Maximum Special Tax for Debt Service and Facilities”** means the maximum amount of Special Tax, determined pursuant to Section C, that can be levied by the Board of Directors in any Fiscal Year on a Parcel of Taxable Property to satisfy the Debt Service and Facilities Special Tax Requirement.

**“Maximum Special Tax for O & M”** means the maximum amount of Special Tax, determined pursuant to Section C, that can be levied by the Board of Directors in any Fiscal Year on a Parcel of Taxable Property to satisfy the O & M Special Tax Requirement. The Maximum Special Tax for O & M shall be increased annually by the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or by two percent (2%), whichever is greater, on July 1, 2006 for Fiscal Year 2006-07 and on each subsequent July 1 for the Fiscal Year then commencing.

**“Net Acre or Acreage”** means the land area of a Parcel as shown on an Assessors Parcel Map, or if the land area of a Parcel is not shown on such a map, the land area shown on the applicable recorded final map, recorded parcel map or other recorded County parcel map.

**“Non-Residential Property”** means all Parcels of Developed Property for which a building permit has been issued for the purpose of constructing a non-residential building or upon which such a building has been constructed.

**“O & M Special Tax Requirement”** means the amount, after taking into consideration available funds, required in any Fiscal Year to pay: (1) costs related to the ongoing Operation and Maintenance and (2) Administrative Expenses attributable to said ongoing Operation and Maintenance, as determined by the District.

**“Operation and Maintenance”** means the operation and maintenance of Parks and Park Improvements and Landscape.

**“Parcel”** means a lot or parcel, any portion of which lies within the boundaries of CFD No. 21 which is shown on the then current applicable Assessor’s Parcel Map(s) with an assigned parcel number.

**“Park and Open Space Property”** means all property which, as of March 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is being levied, has been developed or has been approved by the County for development for active park or open space uses, conveyed to and controlled by a public agency, as specified in the Land Use Regulations.

**“Parks and Park Improvements”** means parks and park and recreation improvements which are to be developed, constructed and installed within and in the area of CFD No. 21 and which will be owned and operated by the District for the benefit of the residents of CFD No. 21.

**“Property Owners’ Association Property”** means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated or irrevocably offered for dedication to a property owners’ association for recreational or open-space use, as specified in the Land Use Regulations.

**“Public School Property”** means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated, or irrevocably offered for dedication or leased for a term of (10) years or more to a public agency for the purpose of providing public school facilities, as specified in the Land Use Regulations, and which is exempt from general ad valorem taxation.

**“Residential Property”** means all Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units or upon which a residential dwelling unit has been constructed.

**“Residential Floor Area”** means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area, on a Parcel. The determination of Residential Floor Area shall be made by reference to building permit(s) for the Parcel.

**“Special Tax(es)”** means the Special Tax to be levied, in each Fiscal Year, on all Parcels of Taxable Property, pursuant to Sections B, C and D, to fund both the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement.

**“Table 1”** means Table 1 contained in Section C.

**“Taxable Property”** means all Parcels in CFD No. 21 which are not exempt from the levy of Special Taxes pursuant to the Act or Section E.

**“Undeveloped Property”** means all Parcels of Taxable Property which are not categorized as Developed Property.

## **B. ASSIGNMENT TO DEVELOPMENT CATEGORIES AND RESIDENTIAL SIZE CLASSIFICATIONS**

For each Fiscal Year (commencing with Fiscal Year 2005-06), each Parcel of Taxable Property shall be categorized as either Developed Property or Undeveloped Property. Parcels of Developed Property shall further be categorized as Residential Property or Non-Residential Property. Parcels of Residential Property shall be assigned to the applicable residential size classification set forth in Table 1 based on the Residential Floor Area of the residential structure located on or to be constructed on the Parcel.

Determinations of the appropriate development category for each Parcel and the residential size classification for each Parcel of Residential Property shall be made by the Administrator, and shall be based upon a review of the Land Use Regulations and the building permit(s) applicable to each Parcel. All Parcels of Taxable Property shall be subject to the levy of the Special Tax based on the Maximum Special Tax for Debt Service and Facilities and the Maximum Special Tax for O & M, determined as provided in Section C, and in accordance with the method of apportionment set forth in Section D.

**C. MAXIMUM SPECIAL TAX**

The Maximum Special Tax for Debt Service and Facilities for a Parcel of Developed Property categorized as Residential Property shall be the greater of: (i) the applicable amount set forth in Table 1 or (ii) the Alternative Special Tax Rate, and for a Parcel of Developed Property categorized as Non-Residential Property shall be the amount determined by multiplying the Net Acreage of the Parcel by the amount set forth in Table 1. The Maximum Special Tax for Debt Service and Facilities for a Parcel of Undeveloped Property shall be the amount determined by multiplying the Net Acreage of the Parcel by \$24,114 per Net Acre.

**Table 1  
Special Tax Amounts for Developed Property**

| Land Use Classification  | Special Tax for Debt Service and Facilities | Maximum Special Tax for O & M (Fiscal Yr. 2005-06) |
|--------------------------|---------------------------------------------|----------------------------------------------------|
| Residential Size:        |                                             |                                                    |
| Less than 2,001 SF       | \$2,735 per Parcel                          | \$500 per Parcel                                   |
| 2,001 SF to 2,300 SF     | \$2,933 per Parcel                          | \$500 per Parcel                                   |
| 2,301 SF to 2,700 SF     | \$3,092 per Parcel                          | \$500 per Parcel                                   |
| 2,701 SF to 3,100 SF     | \$3,251 per Parcel                          | \$500 per Parcel                                   |
| 3,101 SF to 3,400 SF     | \$3,426 per Parcel                          | \$500 per Parcel                                   |
| 3,401 SF to 3,900 SF     | \$3,569 per Parcel                          | \$500 per Parcel                                   |
| Over 3,900 SF            | \$3,808 per Parcel                          | \$500 per Parcel                                   |
| Non-Residential Property | \$24,114 per Net Acre                       | \$3,612 per Net Acre                               |

The abbreviation "SF" in Table 1 signifies square footage and the SF numbers in Table 1 are Residential Floor Areas of residential structures.

The Maximum Special Tax for O & M for Fiscal Year 2005-06 for Parcels of Developed Property shall be the amounts set forth in Table 1. The Maximum Special Tax for O & M for Parcels of Undeveloped Property shall be \$3,612 per Net Acre for Fiscal Year 2005-06.

The Maximum Special Tax for O & M for all Parcels of Developed Property and Undeveloped Property shall be increased annually by the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or by two percent (2%), whichever is greater, on July 1, 2006 for Fiscal Year 2006-07 and on each subsequent July 1 for the Fiscal Year then commencing.

In accordance with Section 53321(d) of the Government Code of the State of California, the Maximum Special Tax for Debt Service and Facilities for each Parcel "used for private residential purposes," as defined therein, shall be calculated and thereby established by the date on which the Parcel is first subject to the Special Tax. Under no circumstances will the Special Tax levied on any Parcels used for private residential purposes be increased as a consequence of

delinquency or default in the payment of Special Taxes by the owner of any other Parcel or Parcels by more than ten percent (10%) for any Fiscal Year.

#### **D. METHOD OF APPORTIONMENT AND LEVY OF THE SPECIAL TAX**

Starting with Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board of Directors shall determine the total amount of Special Taxes to be levied and collected in that Fiscal Year in order to satisfy the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement for such Fiscal Year. The Board of Directors shall levy the Special Tax on all Parcels of Taxable Property in the following priority until it has levied the amount necessary to satisfy both the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement for the Fiscal Year as follows:

(a) Debt Service and Facilities Special Tax Requirement.

(1) First: The Special Tax shall be levied on all Parcels of Developed Property in equal percentages up to 100% of the applicable Special Tax amount set forth in Table 1; and

(2) Second: If additional funds are needed, the Special Tax shall be levied on all Parcels of Undeveloped Property in equal percentages up to 100% of the Maximum Special Tax for Debt Service and Facilities for Undeveloped Property; and

(3) Third: If additional funds are needed, the Special Tax shall be levied on all Parcels of Developed Property classified as Residential Property whose Maximum Special Tax for Debt Service and Facilities is determined by application of the Alternative Special Tax Rate in equal percentages up to 100% of such Maximum Special Tax.

No Special Tax shall be levied on Parcels of Undeveloped Property in any Fiscal Year to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor, as described in Clause (5) of the definition of Debt Service and Facilities Special Tax Requirement.

(b) O & M Special Tax Requirement.

(1) First: The Special Tax shall be levied on all Parcels of Developed Property in equal percentages up to 100% of Maximum Special Tax Rate for O & M; and

(2) Second: If additional funds are needed, the Special Tax shall be levied on all Parcels of Undeveloped Property in equal percentages up to 100% of Maximum Special Tax for O & M.

#### **E. EXEMPTIONS**

The Special Tax related to the Debt Service and Facilities Special Tax Requirement shall not be levied on up to 23.73 Net Acres of Parcels of exempt property in the chronological order in which such property becomes any of the following:

1. Property that lies within dedications for public streets or publicly owned surface drainage channels.
2. Property Owners' Association Property.
3. Public School Property.
4. Park and Open Space Property.
5. Church Property.

Any Parcels described in the preceding paragraph that exceed 23.73 Net Acres shall be classified as Taxable Property and be subject to the Special Tax as either Developed Property or Undeveloped Property as provided for in Sections B, C and D, unless the obligation to pay the Special Tax for any such Parcel is prepaid pursuant to Section H.

The Special Tax related to the O & M Special Tax Requirement shall not be levied upon any Parcels of exempt property described in items 1 through 5 above.

#### **F. MANNER OF COLLECTION**

The Special Taxes shall be collected in the same manner and at the same time as ad valorem property taxes and shall be subject to the same penalties, and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, that the District may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 21.

#### **G. DURATION OF SPECIAL TAX LEVIES**

Pursuant to Section 53321(d) of the Government Code of the State of California, the tax year after which no further Special Tax shall be levied or collected with respect to any Parcel to satisfy the Debt Service and Facilities Special Tax Requirement shall be Fiscal Year 2044-45.

All Parcels of Taxable Property shall continue to be subject to the levy and collection of the Special Tax to satisfy the O & M Special Tax Requirement as long as the District operates and maintains Parks and Park Improvements and Landscape within and for the benefit of the residents within CFD No. 21.

#### **H. PREPAYMENT**

As used in this Section H, the terms in quotes have the meanings given to them below:

"CFD Facilities Amount" means the amount of \$9,000,000 expressed in 2004 dollars, which shall increase on January 1, 2006 and on each January 1 thereafter, by the percentage increase in Construction Index since the preceding January 1, or such lesser amount (i) as shall be determined by the Administrator to be sufficient to provide for the construction and acquisition of all of the public facilities, or (ii) as shall be determined by the Board of Directors if and at the time it adopts a covenant that CFD No. 21 will not issue any additional bonds.

“Construction Fund” means a fund or account established by the Indenture to hold funds which are to be used to pay costs associated with the construction and acquisition of public facilities for CFD No. 21.

“Construction Index” means the Engineering News-Record Building Cost Index for the City of Los Angeles. If this index ceases to be published, the Construction Index shall be another index which is determined by the Administrator to be reasonably comparable to such index.

“Exempt Property” means property that is exempt from the levy of the Special Tax pursuant to Section E.

“Future Facilities Costs” means the amount determined by subtracting from the CFD Facilities Amount (i) the amount available in the Construction Fund to pay the costs of the construction and acquisition of public facilities, and (ii) the estimated amount of income that will be earned from the investment of such available amount prior to the date upon which the prepayment is to be made.

“Indenture” means the bond indenture, fiscal agent agreement or resolution pursuant to which the bonds of CFD No. 21 are issued and which establishes a construction or improvement fund into which proceeds of the sale of the bonds are deposited to pay for the construction and acquisition of public facilities for CFD No. 21.

“Outstanding Bonds” means all bonds of CFD No. 21 which were issued and which will remain outstanding after the first date following the current Fiscal Year on which interest on or interest on and principal of such bonds will be paid, excluding bonds to be redeemed on a later date with Prepayment Amounts (as defined below) for other Parcels for which the Special Tax Obligation for Debt Service and Facilities has been prepaid.

“Special Tax Obligation for Debt Service and Facilities” means the total amount of Special Taxes which could be levied on a Parcel based on the Maximum Special Tax for Debt Service and Facilities for the Parcel through the date of final maturity of the Outstanding Bonds.

### **1. Prepayment in Full**

The Special Tax Obligation for Debt Service and Facilities may only be prepaid and permanently satisfied for a Parcel of Developed Property, a Parcel of Undeveloped Property for which a building permit has been issued, or a Parcel of Church Property, Park and Open Space Property, Property Owners’ Association Property or Public School Property that is not Exempt Property. The Special Tax Obligation for Debt Service and Facilities for a Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to the Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax Obligation for Debt Service and Facilities for the Parcel shall provide the Administrator with written notice of the owner’s intent to prepay, and within fifteen (15) days of receipt of such notice, the Administrator shall notify such owner of the amount of a non-refundable deposit to cover the cost to be incurred by the District and CFD No. 21 in determining the Prepayment Amount for the Parcel. Within thirty (30) days of receipt of such non-refundable



deposit, the Administrator shall notify the owner of the Prepayment Amount for the Parcel. Prepayment must be made not later than sixty (60) days prior to any redemption date for any bonds which will be redeemed with the Prepayment Amount.

The Prepayment Amount shall be calculated as follows (Except as provided above, capitalized terms have the meanings given below.):

Bond Redemption Amount  
plus Redemption Premium  
plus Prepaid Facilities Amount  
plus Defeasance Amount  
plus Administration Costs  
less Reserve Fund Credit  
equals Prepayment Amount

The Prepayment Amount shall be calculated, as of the proposed prepayment date, as follows:

**Paragraph No.:**

1. For a Parcel of Developed Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel. For a Parcel of Undeveloped Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel as though it was Developed Property, based on the building permit(s) issued for the Parcel. For a Parcel of Church Property, Park and Open Space Property, Property Owners' Association Property or Public School Property which is not Exempt Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel.
2. Divide the Maximum Special Tax for Debt Service and Facilities for the Parcel, determined pursuant to paragraph 1, by the total estimated amount of the Maximum Special Taxes for Debt Service and Facilities that could be levied on all Parcels of Developed Property, including the prepaying Parcel and excluding any Parcels which have previously prepaid the Special Tax Obligation for Debt Service and Facilities.
3. Multiply the aggregate principal amount of the Outstanding Bonds by the percentage derived pursuant to paragraph 2 to determine the principal amount of the Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. Determine the Future Facilities Costs.
6. Multiply the Future Facilities Costs by the percentage derived pursuant to paragraph 2 to determine the amount of the Future Facilities Costs to be prepaid (the "*Prepaid Facilities Amount*").

7. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

8. Determine the unpaid amount of the Special Taxes levied on the Parcel in the current Fiscal Year.

9. Estimate the earnings on the investment of the Prepayment Amount, less the Prepaid Facilities Amount and the Administration Costs (as defined below), from the date of prepayment until the redemption date for the Outstanding Bonds which will be redeemed with the Prepayment Amount (the "*Net Prepayment Amount*").

10. Add the amounts derived pursuant to paragraphs 7 and 8 and subtract the amount derived pursuant to paragraph 9 to derive the Defeasance Amount (the "*Defeasance Amount*").

11. Determine the amount which will be needed and will not be paid from a non-refundable deposit by the owner of the prepaying Parcel for paying the costs of (i) determining the Prepayment Amount, (ii) investing the Net Prepayment Amount, (iii) redeeming Outstanding Bonds, and (iv) recording any notices to evidence the prepayment and satisfaction of the Special Tax Obligation for Debt Service and Facilities for the Parcel (the "*Administration Costs*").

12. Determine the amount of the reserve fund credit (the "*Reserve Fund Credit*") which shall be the lesser of: (a) the amount, if any, by which the "Reserve Requirement" (as defined in the Indenture) will be reduced as a result of the redemption of Outstanding Bonds with the Prepayment Amount (the "Reduced Reserve Requirement") or (b) the amount (which shall not be less than zero) derived by subtracting the Reduced Reserve Requirement from the amount which will be on deposit in the Reserve Fund for the Outstanding Bonds on the prepayment date.

13. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Prepaid Facilities Amount, the Defeasance Amount and the Administration Costs less the Reserve Fund Credit.

14. Upon receipt of the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, the Defeasance Amount and the Reserve Fund Credit shall be deposited into the appropriate fund established under the Indenture for the redemption of Outstanding Bonds and shall be used to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000 and, to the extent of any portion of the sum thereof which is not so utilized, to pay interest on and principal of Outstanding Bonds. The Prepaid Facilities Amount shall be deposited into the Construction Fund. The Administration Costs shall be retained by the District and used to pay or reimburse such costs.

Upon receipt of the Prepayment Amount for a Parcel, the Board of Directors shall cause the appropriate notice to be recorded in compliance with the Act to acknowledge that the Special

Tax Obligation for Debt Service and Facilities for the Parcel has been prepaid and satisfied and to cancel the Special Tax lien securing payment of Special Taxes for the Debt Service and Facilities Special Tax Requirement.

Notwithstanding the foregoing, no prepayment shall be allowed for any Parcel unless the total amount of the Maximum Special Taxes for Debt Service and Facilities that may be levied on Taxable Property both prior to and after the proposed prepayment is and will be at least 1.1 times the amount of maximum annual debt service on all Outstanding Bonds as determined by the Administrator, a financial advisor or a special tax consultant, at the option of the Administrator.

## **2. Partial Prepayment**

An owner of not less than fifteen (15) Parcels of Developed Property classified as Residential Property may partially prepay the Special Tax Obligation for Debt Service and Facilities for all such Parcels. The owner of a Parcel of Undeveloped Property (i) for which a tentative subdivision map that will subdivide the Parcel into not less than fifteen (15) Parcels has been approved by the County, (ii) that will be classified as Residential Property and (iii) for which a building permit has been issued, may partially prepay the Special Tax Obligation for Debt Service and Facilities for not less than fifteen (15) of such Parcels. The amount of the Partial Prepayment shall be calculated pursuant to Section H.1 as modified by the following formula:

$$PP = P_E \times F$$

These terms have the following meaning:

PP = the Partial Prepayment

$P_E$  = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Parcels is partially prepaying the Special Tax Obligation for Debt Service and Facilities.

The owner of such Parcels who desires to partially prepay the Special Tax Obligation for Debt Service and Facilities shall notify the Administrator of (i) the owner's intent to partially prepay the Special Tax Obligation for Debt Service and Facilities and, (ii) the percentage by which the Special Tax Obligation for Debt Service and Facilities for all such Parcels will be prepaid, and within fifteen (15) days of receipt of such notice, the Administrator shall notify such owner of the amount of a non-refundable deposit determined to cover the costs to be incurred by the District and CFD No. 21 in determining the amount of the Partial Prepayment for such Parcels. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify the owner of the Partial Prepayment amount applicable to each of such Parcels. A Partial Prepayment must be paid not later than sixty (60) days prior to the redemption date for any Outstanding Bonds which will be redeemed with the Partial Prepayment.

Upon receipt of a Partial Prepayment of the Special Tax Obligation for Debt Service and Facilities for any such Parcels, the Administrator shall (i) allocate the amount of the Partial Prepayment pursuant to Paragraph 14 of Section H.1 and (ii) note on the records of CFD No. 21 that there has been a Partial Prepayment of the Special Tax Obligation for Debt Service and

Facilities for such Parcels and that the amount of Special Taxes which shall continue to be levied on such Parcels pursuant to Section D shall be reduced based on the percentage (1.00 - F) of the remaining Special Tax Obligation for Debt Service and Facilities for such Parcels.

#### **I. CHANGES TO TENTATIVE TRACTS**

The Alternative Special Tax Rates have been established based on the land use configurations shown on the subdivision maps for Tentative Tracts Nos. 28880, 29334 and 29334-1. In the event any of Tracts Nos. 28880, 29334 and 29334-1 are modified by the County, the Alternative Special Tax Rate for all Parcels of Developed Property in such tract, or the portion thereof which is modified, which are classified as Residential Property shall be determined by multiplying the total square footage of the Parcel or Parcels or any portion of a Parcel by \$0.5536 per square foot.