



## Agenda Report

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**File #:** 18-2092

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### **AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 9/19/2018

**TO:** Honorable Mayor and City Council Members

**FROM:** Administrative Service Department

**SUBJECT:**

Public Hearing for City Council consideration to adopt Resolution No. 2018-095 establishing Community Facilities District No. 2018-2 (Sierra Bella) and approving a funding and acquisition agreement, Resolution No. 2018-096 determining necessity, Resolution No. 2018-097 calling election, Resolution No. 2018-098 declaring results of election, and first reading of Ordinance No. 3283 authorizing levy of special taxes.

**RECOMMENDED ACTION:**

That the City Council:

1. Adopt Resolution No. 2018-095 establishing Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, and the boundaries thereof and approving a Funding and Acquisition Agreement.
2. Adopt Resolution No. 2018-096 determining the necessity for Community Facilities District No. 2018-2 (Sierra Bella) to incur a bonded indebtedness in an aggregate principal amount not to exceed \$20,000,000 for providing public facilities within and for the community facilities district and calling a special election for the community facilities district on a proposition for incurring such bonded indebtedness.
3. Adopt Resolution No. 2018-097 calling a special election and submitting to the voters of Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona propositions regarding the annual levy of special taxes within the community facilities district to pay principal of and interest on bonds thereof and to pay the cost of public facilities, a proposition with respect to the annual levy of special taxes within the community facilities district to the cost of certain services, and establishing an appropriations limit therefor.
4. Adopt Resolution No. 2018-098 declaring the results of the consolidated special elections within Community Facilities District No. 2018-2 (Sierra Bella) on propositions regarding (i) incurring a bonded indebtedness in an amount not to exceed \$20,000,000, (ii) the annual levy of special taxes to pay principal and interest on bonds, (iii) the annual levy of special taxes to pay

costs of certain services, and (iv) establishing an appropriations limit.

5. Introduce by title only and waive full reading for consideration of Ordinance No. 3283, first reading of an ordinance of the City Council of the City of Corona, California, acting as the legislative body of Community Facilities District No. 2018-2 (Sierra Bella), authorizing the levy of special taxes in such community facilities district.

**ANALYSIS:**

The City was approached by CalAtlantic Group, Inc., a Delaware corporation, (the “Developer”) regarding the formation of a Community Facilities District (the “CFD”) for the purpose of financing the public facilities and services which are necessary to meet increased demands placed upon the City as a result of the proposed development. The proposed development, Sierra Bella Project (the “Project”), consists of 237 single family detached homes divided into two distinct project lines, Sonata and Adagio. The Project is located generally south of Green River Road, beyond Calle Del Oro and west of Paseo Grande.

On August 15, 2018, the City Council adopted Resolution No. 2018-101 and Resolution No. 2018-102. Resolution No. 2018-101 declared the City’s intention to establish Community Facilities District No. 2018-2 (Sierra Bella) (“CFD 2018-2”) of the City of Corona under the provisions of Chapter 2.5 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”. Resolution No. 2018-102 declared necessity for CFD 2018-2 to incur a bonded indebtedness. A public hearing on both resolutions was scheduled for September 19, 2018 and public hearing notices were published in the Sentinel.

Resolution No. 2018-095 establishing Community Facilities District No. 2018-2 (Sierra Bella) serves the following purposes:

1. Confirms that a public hearing was held on September 19, 2018 with regard to the formation of CFD 2018-2, and the incurring of bond indebtedness by and for CFD 2018-2, the annual levying of specified special taxes on the taxable property within CFD 2018-2 to pay principal of and interest on bonds to be issued by and for CFD 2018-2 to acquire, construct or finance the public facilities and other obligations, and the annual levying of specified special taxes on such taxable property in CFD No. 2018-2 to pay the costs of the services which are to be provided within and for CFD 2018-2;
2. Describes the territory of the boundaries of CFD 2018-2;
3. Establishes CFD 2018-2;
4. Describes the types of public facilities and services that will be financed with the bond proceeds and special taxes to be levied on taxable property within CFD 2018-2;
5. Describes the rate and method apportionment of the special taxes to be levied on the properties within CFD 2018-2;
6. Describes the voting procedures for the conduct of the consolidated special elections for CFD 2018-2; and
7. Approves a Funding and Acquisition Agreement between the City of Corona and CalAtlantic Group, Inc.

Resolution No. 2018-096 determining necessity to incur bonded indebtedness serves the following purposes:

1. Confirms that a public hearing was conducted on September 19, 2018 within regard to the authorization of CFD 2018-2 to incur a bonded indebtedness;
2. Determines the necessity for CFD 2018-2 to incur a bonded indebtedness in an amount not to exceed \$20,000,000 to be used for payment of debt issuance cost, payment of administrative expenses, and payment of public facilities relating to CFD 2018-2;
3. Determines that all parcels of taxable property within CFD 2018-2 shall be subject to the levy of special taxes to pay the principal of and interest on the principal amount of the bonds of CFD 2018-2 which may be issued and sold; and
4. Calls a special election for September 19, 2018 on the proposition of CFD 2018-2 incurring a bonded indebtedness in an amount not to exceed \$20,000,000 for the purpose of providing public facilities for CFD 2018-2.

Resolution No. 2018-097 calling a special election serves the following purposes:

1. Calls a special election for CFD 2018-2 on the propositions with regard to the annual levy of special taxes on taxable property within CFD 2018-2 for payment of principal of and interest on the bonds of CFD 2018-2, the proposition with respect to the annual levy of special taxes on parcels of taxable property within CFD 2018-2 to pay the costs of certain services to be provided by the District, and the proposition with respect to establishing an appropriations limit for CFD 2018-2;
2. Consolidates the special election called on the propositions of CFD 2018-2 with the proposition of incurring bonded indebtedness;
3. Provides for the conduct of the special election by the City Clerk; and
4. Establishes election procedures for the conduct of the special election.

Resolution No. 2018-098 declaring results of the special election serves the following purposes:

1. Makes certain findings with respect to the conduct of the consolidated special elections;
2. Declares that all votes voted in the consolidated special election were voted in favor of all four propositions;
3. Determines that as a result of the consolidated special elections, CFD 2018-2 is authorized to incur a bonded indebtedness in an amount not to exceed \$20,000,000, to annually levy special taxes on taxable properties within CFD 2018-2 to pay the principal of and interest on the bonds, and costs of services to be provided by the District;
4. Declares that an appropriations limit has been established for CFD 2018-2 in the amount of \$20,000,000; and
5. Authorizes the recording of a Notice of Special Tax Lien on parcels of taxable property within CFD 2018-2.

Ordinance No. 3283 levying special taxes serves the following purposes:

1. Authorizes the levy of special taxes on taxable properties located in CFD 2018-2 pursuant to the Rate and Method of Apportionment for the District;
2. Authorizes the levy of special taxes in future fiscal years by resolution;
3. The City will give first reading to this ordinance; and
4. Second reading and adoption will occur on October 3, 2018.

Should these resolutions and ordinances be approved, the formation proceedings will be completed and CFD 2018-2 will be officially formed.

**COMMITTEE ACTION:**

Not applicable.

**STRATEGIC PLAN:**

This item supports the City's Strategic Plan Goal 6: Improve Communications with Our Community; Objective a: Commit to transparency in all City actions. The recommended action will help achieve these goals by communicating the formation a CFD to facilitate development within the City.

**FISCAL IMPACT:**

The costs associated with the formation of CFD 2018-2 are paid from a deposit made by the Developer. Ongoing cost for administrating the District's finances will be reimbursed from the special taxes levied annually on property owners.

Once the above resolutions are approved, and the ordinance is adopted, commencing Fiscal Year 2019-20, and for each fiscal year thereafter, the City Council will determine the special tax requirement and will levy the special tax upon each taxable property within CFD 2018-2. The City Council will determine the special tax requirement and levy the special tax upon each assessor's parcels within the CFD up to the maximum special tax established by the rate and method of apportionment ("RMA").

On July 1 of each year, commencing in 2019, the City Council will determine the special tax requirement and levy the special tax upon each of the assessor's parcels within the proposed CFD 2018-2 based on their land use category until the aggregate amount of special tax equals the special tax requirement. The special tax will be levied proportionately on all assessor's parcels up to 100% of the application maximum special tax to satisfy the special tax requirement. For residential properties, the maximum total tax burden in the proposed CFD 2018-2 is set at 1.95% of the home price. The estimated ad valorem base tax rate is approximately 1.09%, while the special tax rates, for services and facilities, are about 0.86% of the estimated home prices. The maximum special tax for both Tax B and Tax C shall increase by i) the percentage increased in the Consumer Price Index (All Items) for Los Angeles - Riverside - Orange County since the beginning of the preceding fiscal year, or ii) by two percent (2%), whichever is greater.

The special taxes from Tax A will be levied annually to pay for the debt service costs of the bonded indebtedness. Special taxes from Tax B will be used to pay for the cost of services to be provided to the residents within the boundaries of CFD 2018-2 as specified in the attached resolutions, and only to the extent that they are in addition to those provided in the territory of the District before the District was created. The funding will mitigate the impact to the City's General Fund due to the significant increase in service demand, when new developments are underway.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject



to CEQA. This action merely adopts the resolutions and ordinance necessary to form CFD 2018-2 and provide the funding for facilities and services that will serve the development, and there is no possibility that adopting the resolutions and ordinance will have a significant effect on the environment.

**PREPARED BY:** JENNIFER SCHAEFER, FINANCE MANAGER

**REVIEWED BY:** KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

**REVIEWED BY:** MICHELE NISSEN, ASSISTANT CITY MANAGER

**SUBMITTED BY:** DARRELL TALBERT, CITY MANAGER

## **RESOLUTION NO. 2018-095**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND THE BOUNDARIES THEREOF AND APPROVING A FUNDING AND ACQUISITION AGREEMENT**

**WHEREAS**, the City Council (the “City Council”) of the City of Corona (the “City”) has heretofore adopted Resolution No. 2018-101 stating that a community facilities district to be known as “Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California” (“CFD No. 2018-2”), is proposed to be established 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” (the “Act”), and fixing the time and place for a public hearing on the formation of CFD No. 2018-2; and

**WHEREAS**, CFD No. 2018-2 is proposed to be established for the purpose of financing the public facilities and services which are necessary to meet increased demands placed upon the City as a result of the development of the property within CFD No. 2018-2 and the financing of certain public facilities proposed to be acquired or constructed and financed by CFD No. 2018-2, as more particularly described in Exhibit A attached hereto (the “Facilities”), and it is proposed that CFD No. 2018-2 will be authorized to issue bonds and incur a bonded indebtedness for the purpose of financing such Facilities in the aggregate principal amount of \$20,000,000; and

**WHEREAS**, notice was published and mailed to the owner of all of the property in CFD No. 2018-2 relative to the intention of the City Council to establish CFD No. 2018-2, the levy of special taxes therein, the provision of public facilities and services therein and the incurring of a bonded indebtedness by CFD No. 2018-2 for the purpose of financing such public facilities, and of the time and place of the public hearing; and

**WHEREAS**, there has been presented to the City Council an agreement entitled “Funding and Acquisition Agreement” (the “Funding Agreement”) to be entered into between the City, on behalf of CFD No. 2018-2, and CalAtlantic Group, Inc., a Delaware corporation; and

**WHEREAS**, on September 19, 2018, the City Council conducted the public hearing as required by law relative to the formation of CFD No. 2018-2, the levy of special taxes therein, the provision of public facilities and services therein, and the incurring of a bonded indebtedness by CFD No. 2018-2; and

**WHEREAS**, prior to the commencement of the public hearing there was filed with the City Council a report (the “Report”) containing a description of the public facilities and services required to adequately meet the needs of CFD No. 2018-2, and an estimate of the fair and

reasonable costs of providing such public facilities and services, as required by Section 53321.5 of the Act; and

**WHEREAS**, at the public hearing all persons desiring to be heard on all matters pertaining to the formation of CFD No. 2018-2, the levy of the special taxes therein, the provision of public facilities and services therein, and the incurring of the bonded indebtedness thereby were heard, and a full and fair hearing was held; and

**WHEREAS**, at the public hearing evidence was presented to the City Council on the matters before it, and the City Council, at the conclusion of the hearing, was fully advised as to all matters relating to the formation of CFD No. 2018-2, the levy of the special taxes therein, the provision of public facilities and services therein, and the incurring of the bonded indebtedness therefor; and

**WHEREAS**, the City Council may, therefore, proceed to establish CFD No. 2018-2; and

**WHEREAS**, the City Clerk has advised the City Council that she has received a statement from the Registrar of Voters of the County of Riverside that there are no persons registered to vote in the territory of CFD No. 2018-2.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF CORONA AS FOLLOWS:**

**SECTION 1. Findings.** The City Council finds as follows:

- (a) All of the preceding recitals are true and correct;
- (b) On September 19, 2018, pursuant to notice thereof duly given as provided by law, the City Council conducted a public hearing with respect to the formation of CFD No. 2018-2, and the incurring of bonded indebtedness by and for CFD No. 2018-2, the annual levying of specified special taxes on the taxable property within CFD No. 2018-2 to pay principal of and interest on bonds to be issued by and for CFD No. 2018-2 to finance the Facilities and other obligations which are described in Section 3(a) hereof, and the annual levying of specified special taxes on such taxable property to pay the costs of the services which are to be provided within and for CFD No. 2018-2 and which are described in Section 3(b) and (c) hereof;
- (c) The boundary map of CFD No. 2018-2 was recorded on August 22, 2018, pursuant to Sections 3111 and 3113 of the California Streets and Highways Code, at page 99 in Book 82 of Maps of Assessment and Community Facilities Districts, and as Instrument No. 2018-0337857 in the official records of the County of Riverside;
- (d) All prior proceedings with respect to the formation of CFD No. 2018-2 prior to and during the public hearing with respect to the formation of CFD No. 2018-2 which was conducted by the City Council on September 19, 2018, were valid and in conformity with the requirements of the Act;
- (e) No written protests were received, at or prior to the time of the public hearing, against the formation of CFD No. 2018-2, or the levying of the special taxes, or the incurring of

a bonded indebtedness by CFD No. 2018-2, or the furnishing of specified types of public facilities or services, and the special taxes, public facilities and services have, therefore, not been eliminated by majority protest pursuant to Section 53324 of the Act;

(f) The City Council is, therefore, authorized to adopt a resolution of formation pursuant to Section 53325.1 of the Act for the formation of Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, and CFD No. 2018-2 should be established; and

(g) Twelve (12) persons have not been registered to vote within the territory of CFD No. 2018-2 for each of the 90 days preceding the close of the public hearing on September 19, 2018, and pursuant to Section 53326 of the Act, the vote in the Consolidated Special Elections (defined below) provided for in Section 10 hereof shall, therefore, be by the landowners of CFD No. 2018-2 whose property would be subject to the special taxes if they were levied at the time of the elections, and each landowner shall have one vote for each acre, or portion thereof, which he or she owns within CFD No. 2018-2 which would be subject to the proposed special taxes if they were levied at the time of the elections.

**SECTION 2. Formation of District.** Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, is hereby established. The boundaries of CFD No. 2018-2 are set forth and shown on the map entitled “Proposed Boundary Map - Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California,” which is on file with the City Clerk, and those boundaries are hereby established.

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

(a) A general description of public facilities proposed to be acquired or constructed and financed by CFD No. 2018-2 is set forth in Exhibit A attached hereto and incorporated herein by this reference (the “Facilities”).

(b) A general description of the services which are to be funded with the revenues from Special Tax B (defined below) which are to be levied on parcels of taxable property within CFD No. 2018-2 is set forth in Exhibit B attached hereto and incorporated herein by this reference (the “Special Tax B Services”).

(c) A general description of the services which are to be funded with the revenues from Special Tax C (Contingent) (defined below) which are to be levied on parcels of taxable property within CFD No. 2018-2 is set forth in Exhibit C attached hereto and incorporated herein by this reference (the “Special Tax C (Contingent) Services”).

(d) The incidental expenses, as such term is defined in Section 53317(c) of the Act, which will be incurred may include, but not be limited to: (i) the cost of planning and designing such facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the formation of CFD No. 2018-2, issuance and administration of the bonds thereof, the determination of the amount of and collection of taxes, and the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2018-2, and (iii) any

other expenses incidental to the construction, completion, acquisition and inspection of the Facilities (the “Incidental Expenses”).

**SECTION 4. Special Taxes.** Except where funds are otherwise available, a special tax sufficient to finance the Facilities and related Incidental Expenses (“Special Tax A”), a special tax sufficient to finance the Special Tax B Services and related Incidental Expenses (“Special Tax B”) and a special tax sufficient to finance the Special Tax C (Contingent) Services and related Incidental Expenses (“Special Tax C (Contingent)”) and, together with Special Tax A and Special Tax B, the “Special Taxes”), secured by the recordation of a continuing lien against all taxable or nonexempt property in CFD No. 2018-2, shall be annually levied within the CFD No. 2018-2.

Under no circumstances will Special Tax A levied in any fiscal year against any parcel used for private residential purposes be increased as consequence of delinquency or default by the owner of any other parcel or parcels within CFD No. 2018-2 by more than 10 percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. A parcel shall be considered “used for private residential purposes” not later than the date on which an occupancy permit or the equivalent for private residential use is issued and for such parcel.

For further particulars as to the rate and method of apportionment of the Special Taxes to be levied on parcels of taxable property in CFD No. 2018-2 reference is made to the attached and incorporated Exhibit “D” (the “Rate and Method”) which sets forth in sufficient detail the rate and method of apportionment of the Special Taxes to allow each landowner or resident within each CFD No. 2018-2 to clearly estimate the maximum amount that such person will have to pay.

The conditions under which the obligation to pay Special Tax A may be prepaid and permanently satisfied are as set forth in the Rate and Method. Special Tax B and Special Tax C (Contingent) may not be prepaid.

Pursuant to Section 53340 of the Act, said Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided however, that CFD No. 2018-2 may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent assessor’s parcels as permitted by the Act.

Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Taxes shall attach to all non-exempt real property in CFD No. 2018-2, and that lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied in the case of Special Tax A and the lien is canceled in accordance with law or until collection of the Special Taxes ceases.

**SECTION 5. Exempt Properties.** Pursuant to Section 53340 of the Act, and except as provided in Section 53317.3 of the Act, properties of entities of the state, federal, and local governments shall be exempt from the levy of Special Taxes.

**SECTION 6. Necessity.** The City Council finds that the Facilities, the Special Tax B Services, and the Special Tax C (Contingent) Services described in Section 3 hereof are necessary to meet increased demands placed upon the City as a result of new development occurring within the boundaries of CFD No. 2018-2.

**SECTION 7. Report.** The Report is hereby approved and is made a part of the record of the public hearing regarding the formation of CFD No. 2018-2, and is ordered to be kept on file with the City Clerk as part of the transcript of these proceedings.

**SECTION 8. Repayment of Funds Advanced or Work-in-Kind.** Pursuant to Section 53314.9 of the Act, the City Council 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 City in creating CFD No. 2018-2, 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 City Council.

**SECTION 9. Prohibition of Owner Contracts.** Pursuant to Section 53329.5 of the Act, the City Council finds that the public interest will not be served by allowing the owners of property within CFD No. 2018-2 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 City for the construction for the Facilities pursuant to said Section 53329.5.

**SECTION 10. Description of Voting Procedures.** Except as otherwise provided in this section, the consolidated special elections on the propositions identified below shall be conducted by the City Clerk in accordance with the provisions of the California Elections Code governing mail ballot elections of cities, insofar as they may be applicable. The voting procedures to be followed in conducting the consolidated special elections on (i) the proposition with respect to CFD No. 2018-2 incurring a bonded indebtedness, (ii) the proposition with respect to the levy of special taxes on parcels of taxable property within CFD No. 2018-2 to pay the principal of and interest on the bonds of CFD No. 2018-2, (iii) the proposition with respect to the levy of special taxes on parcels of taxable property within CFD No. 2018-2 to pay the annual costs of the Special Tax B Services and the Special Tax C (Contingent) Services and (iv) the proposition with respect to establishing an appropriations limit for CFD No. 2018-2 in the amount of \$20,000,000 (the "Consolidated Special Elections") shall be as follows:

(a) The Consolidated Special Elections shall be held on the earliest date, following the adoption by the City Council of this resolution, the resolution determining the necessity for CFD No. 2018-2 to incur a bonded indebtedness pursuant to Section 53351 of the Act, and a resolution pursuant to Section 53326 of the Act submitting to the qualified electors of CFD No. 2018-2 the propositions with respect to (i) CFD No. 2018-2 incurring a bonded indebtedness, (ii) the levy of special taxes to pay the principal of and interest on the bonds of CFD No. 2018-2, (iii) the levy of special taxes to pay the annual costs of the Special Tax B Services and the Special Tax C (Contingent) Services, and (iv) establishing an appropriations limit for the community facilities district to the qualified electors of the community facilities district, upon

which such elections can be held pursuant to Section 53326 which may be selected by the City Council, or such earlier date as the owners of land within CFD No. 2018-2 and the City Clerk agree and concur is acceptable.

(b) Pursuant to Section 53326 of the Act, the Consolidated Special Elections may be held earlier than 90 days following the close of the public hearing if the qualified electors of CFD No. 2018-2 waive the time limits for conducting the elections set forth in said Section 53326 by unanimous written consent and the City Clerk concurs in such earlier election date as shall be consented to by the qualified electors.

(c) Pursuant to Section 53326 of the Act, ballots for the Consolidated Special Elections shall be distributed to the qualified electors by the City Clerk by mail with return postage prepaid, or by personal service.

(d) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of cities, and specifically Division 4 (commencing with Section 4000) of the California Elections Code with respect to elections conducted by mail, the City Clerk shall mail or deliver to each qualified elector an official ballot in a form specified by the City Council 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 that Code, an impartial analysis by the City Attorney pursuant to Section 9280 of that Code with respect to the ballot propositions contained in the official ballot, arguments and rebuttals, if any, pursuant to Sections 9281 to 9287, inclusive, and 9295 of that Code, a return identification envelope with prepaid postage thereon addressed to the City Clerk for the return of voted official ballots, and a copy of Resolution No. 2018-101 provided, however, that such statement, analysis and arguments may be waived with the unanimous consent of all the landowners who are qualified electors and shall be so stated in the resolution adopted by the City Council calling the Consolidated Special Elections. Such statement, impartial analysis and arguments, if any, shall be prepared by the City Attorney.

(e) The official ballot to be mailed or delivered by the City Clerk or her designee 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 CFD No. 2018-2.

(f) The return identification envelope mailed or delivered by the City Clerk 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 the declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the City Clerk.

(g) The instruction to voter form to be mailed or delivered by the City Clerk to the landowner-voters shall inform them that the official ballots shall be returned to the City Clerk 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 election which is specified by the City Council in the resolution calling the Consolidated Special Elections for the receipt of voted ballots; provided that if all qualified voters have voted, the elections shall be closed with the concurrence of the City Clerk.

(h) Upon receipt of the return identification envelopes which are returned prior to the voting deadline on the date of the elections, the City Clerk shall canvass the votes cast in the Consolidated Special Elections, and shall file a statement with the City Council 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 City Council may determine to be necessary or desirable by a resolution subsequently adopted by the City Council.

**SECTION 11. Funding and Acquisition Agreement.** The Funding Agreement is approved and the City Manager and the City Clerk are authorized to execute and deliver the Funding and Acquisition Agreement on behalf of the City in the form presented to the City Council at the meeting at which this resolution is adopted, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**PASSED, APPROVED AND ADOPTED** this 19th day of September, 2018.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California



**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 19th day of September, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 19th day of September, 2018.

\_\_\_\_\_  
City Clerk of the City of Corona

## **EXHIBIT A**

### **DESCRIPTION OF FACILITIES**

The proposed types of public facilities to be financed by CFD No. 2018-2 include:

The construction, purchase, modification, expansion and/or improvement of certain storm drain facilities, flood control facilities, water and wastewater facilities (including, without limitation, domestic and recycled water facilities, water tank facilities, wells, reservoirs, pipelines, waterlines, storm and sewer drains and related infrastructure and improvements), street lights, traffic signals, sewer facilities and equipment and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the “Facilities”), and to finance the incidental expenses to be incurred.

## **EXHIBIT B**

### **DESCRIPTION OF SPECIAL TAX B SERVICES**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

## **EXHIBIT C**

### **DESCRIPTION OF SPECIAL TAX C (CONTINGENT) SERVICES**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

## **EXHIBIT D**

### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

Special Taxes (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Assessor’s Parcel of Taxable Property located within the boundaries of the Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona (“CFD No. 2018-2”). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor’s Parcel, shall be determined by the City Council of the City of Corona, acting in its capacity as the legislative body of CFD No. 2018-2 by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed to the extent and in the manner herein provided.

#### **A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Acre or Acreage”** means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being 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 the following actual or reasonably estimated costs directly related to the formation, and administration of CFD No. 2018-2 including, but not limited to: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes A to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2018-2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with evaluating the Special Tax A effective tax rate prior to the issuance of the first series of Bonds; the costs of the City, CFD No. 2018-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD

Administrator or advanced by the City or CFD No. 2018-2 for any other administrative purposes of CFD No. 2018-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax A"** means the Special Tax of that name described in Section D below.

**"Backup Special Tax A"** means the Special Tax of that name described in Section D below.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax A within CFD No. 2018-2 has been pledged.

**"Building Permit"** means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may include any subsequent document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor's Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

**"Building Square Footage" or "BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

**"Calendar Year"** means the period commencing January 1 of any year and ending the following December 31.

**“CFD Administrator”** means an official of the City, or designee thereof, responsible for (i) determining the Special Tax A Requirement, (ii) determining the Special Tax B Requirement, (iii) determining the Special Tax C (Contingent) Requirement, and (iv) providing for the levy and collection of the Special Taxes.

**“CFD”** or **“CFD No. 2018-2”** means Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona established by the City under the Act.

**“City”** means the City of Corona.

**“City Council”** means the City Council of the City of Corona, acting as the legislative body of CFD No. 2018-2, or its designee.

**“Condominium Plan”** means a condominium plan as set forth in the California Civil Code, Section 1352.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which a Building Permit for new construction was issued on or before March 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section F.

**“Final Map”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

**“Fiscal Year”** means the period commencing on July 1<sup>st</sup> of any year and ending the following June 30<sup>th</sup>.

**“Indenture”** means the indenture, fiscal agent 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.

**“Land Use Category”** means any of the categories listed in Table 1 of Section D and Table 2 of Section M.

**“Maximum Special Tax A”** means the maximum Special Tax A, determined in accordance with Section D below that can be levied by CFD No. 2018-2 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax B”** means the Maximum Special Tax B, as determined in accordance with Section M below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD No. 2018-2.

**“Maximum Special Tax C (Contingent)”** means the Maximum Special Tax C (Contingent), as determined in accordance with Section S below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD No. 2018-2.

**“Multifamily Property”** means all Assessor’s Parcels of Residential Property for which a building permit has been issued or may be issued for purposes of constructing two or more Residential Units that share common walls, including but not limited to duplexes, triplexes, townhomes, condominiums, and apartment units, as determined by the CFD Administrator.

**“Non-Residential Property”** or **“NR”** means all Assessor’s Parcels of Taxable Property for which a building permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor’s Parcel is Non-Residential Property.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section G.

**“Prepayment Amount”** means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

**“Property Owner Association”** or **“POA”** means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

**“Property Owner’s Association Property”** means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

**“Proportionately”** means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property, Public Property and Property Owner’s Association Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor’s Parcels of Undeveloped Property, Public Property and Property Owner’s Association Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all



Assessor's Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax C (Contingent) levy per Acre to the Maximum Special Tax C (Contingent) per Acre is the same for all Assessor's Parcels of Undeveloped Property.

**“Provisional Undeveloped Property”** means Public Property or Property Owner's Association Property that is not Exempt Property pursuant to Section F.

**“Public Property”** means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**“Residential Property”** means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

**“Residential Unit”** or **“RU”** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

**“Single Family Residential Property”** means all Assessor's Parcels of Residential Property for which a Building Permit has been or may be issued for purposes of constructing a detached Residential Unit on an Assessor's Parcel. Such Residential Unit does not or will not share a common wall with another Residential Unit, as determined by the CFD Administrator.

**“Special Tax(es)”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act.

**“Special Tax A”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act to fund the Special Tax A Requirement.

**“Special Tax A Requirement”** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax A delinquencies, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2018-2 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

**“Special Tax B”** means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax B Requirement.

**Special Tax B Requirement** means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2018-2 in both the current Fiscal

Year and the next Fiscal Year. The costs to be covered shall be the direct costs for maintenance services including but not limited to (i) maintenance and lighting of parks, parkways, streets, roads and open space, (ii) maintenance and operation of water quality improvements, (iii) public street sweeping, (iv) fund an operating reserve for the costs of Special Tax B Services in the amount not to exceed two times the total Maximum Special Tax B for all Taxable Property for that Fiscal Year, as determined by the CFD Administrator, and (v) Administrative Expenses, less (vi) a credit for funds available to reduce the annual Special Tax B levy, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

**“Special Tax B Services”** means the maintenance and operation of the improvements described in Exhibit “C” attached hereto beginning with the date of City acceptance of each improvement for maintenance purposes.

**“Special Tax C (Contingent)”** means the Special Tax C (Contingent) to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax C (Contingent) Requirement, if required.

**“Special Tax C (Contingent) Requirement”** means that amount required to be collected in any Fiscal Year to: (i) pay the direct costs of Special Tax C (Contingent) Services anticipated to be incurred or otherwise payable by the City in the Calendar Year commencing in such Fiscal Year; and (ii) an allocable share of Administrative Expenses, less (iii) a credit for funds available to reduce the annual Special Tax C (Contingent) levy, as determined by the CFD Administrator.

**“Special Tax C (Contingent) Services”** means the City’s maintenance and operation of the improvements described in Exhibit “D” attached hereto following the POA’s default of its obligation to maintain such improvements, which default shall be deemed to have occurred in each of the circumstances described in Section Q.

**“Taxable Property”** means all Assessor’s Parcels within CFD No. 2018-2, which are not Exempt Property.

**“Taxable Unit”** means either a Residential Unit or an Acre.

**“Tract(s)”** means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

**“Trustee”** means the trustee, fiscal agent, or paying agent under the Indenture.

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

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property, up to the applicable Maximum Special Tax A to fund the Special Tax A Requirement.

### **C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX A**

Each Fiscal Year, beginning with Fiscal Year 2019-2020, each Assessor's Parcel within CFD No. 2018-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property, or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax A rate.

### **D. MAXIMUM SPECIAL TAX A**

#### **1. Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A.

The Maximum Special Tax A for each Assessor's Parcel of Non-Residential Property or Multifamily Residential Property shall be the applicable Assigned Special Tax A described in Table 1 of Section D

#### **a. Assigned Special Tax A**

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property, or Non-Residential Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2019-2020 shall be determined pursuant to Table 1 below.

**TABLE 1**  
**ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$4,187.00
2. Single Family Residential Property	RU	2,200 to 2,500	\$4,374.00
3. Single Family Residential Property	RU	2,501 to 2,800	\$4,568.00
4. Single Family Residential Property	RU	2,801 to 3,100	\$4,762.00
5. Single Family Residential Property	RU	3,101 to 3,400	\$4,957.00
6. Single Family Residential Property	RU	3,401 to 3,700	\$5,158.00
7. Single Family Residential Property	RU	Greater than 3,700	\$5,383.00
8. Multifamily Property	Acres	N/A	\$26,299
9. Non-Residential Property	Acres	N/A	\$26,299

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Type. The Maximum Special Tax A levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax A

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$4,964 per Residential Unit. This Backup Special Tax A has been established based on the land use configurations shown on Tentative Tract Map No. 36451, 36451-1, and 36451-2. In the event any portion of Tentative Tract Map No. 36451, 36451-1, and 36451-2 is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$26,299 per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$26,299 per Acre.

The Backup Special Tax A shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, or Property Owners' Association Property.

**2. Approved Property**

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Single Family Property shall be the Backup Special Tax A computed pursuant to Section D.1.c above.

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$26,299 per Acre.

**3. Undeveloped Property, Public Property, and Property Owner's Association Property that is not Exempt Property pursuant to the provisions of Section F**

The Maximum Special Tax A for each Assessor's Parcel of Undeveloped Property, Public Property and/or Property Owners Association Property that is not Exempt Property shall be equal to the product of \$26,299 multiplied by the Acreage of such Assessor's Parcel.

**E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property in accordance with the following steps:

- Step One: Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more

than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **F. EXEMPTIONS**

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 49.71 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 49.71 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 49.71 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax A pursuant to Step Five in Section E.

## **G. PREPAYMENT OF SPECIAL TAX A**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$13,600,000 expressed in 2018 dollars, which shall increase by the Construction Inflation Index on July 1, 2019, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2018-2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax A levied under this Rate and Method of Apportionment.

**"Construction Fund"** means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2018-2.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**"Future Facilities Costs"** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**“Outstanding Bonds”** means all previously issued Bonds secured by the levy of Special Tax A which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax A.

**1. Prepayment in Full**

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax A obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor’s Parcel. For an Assessor’s Parcel of

Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.

3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax A at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.

4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

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

12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the



amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax A levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special Tax A lien for the Assessor's Parcel, and the obligation to pay the Special Tax A for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

## **2. Prepayment in Part**

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

PE = the Prepayment Amount calculated according to Section G.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section E.

## H. SPECIAL TAX A REDUCTION

The following definitions apply to this Section H:

**“Date of Issuance”** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2018-2.

**“PACE Charges”** means a contractual assessment or special tax as established by a public agency to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

**“Plan Type”** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2018-2 as identified in the Price Point Study.

**“Price Point”** means, with respect to the Residential Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Residential Dwelling Units, estimated by the Price Point Consultant as of such date, including any incentives and

concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 2018-2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Residential Units in community facilities districts, (c) is independent and not under the control of CFD No. 2018-2 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2018-2, (ii) the City, (iii) any owner of real property in CFD No. 2018-2, or (iv) any real property in CFD No. 2018-2, and (e) is not connected with CFD No. 2018-2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2018-2 or the City.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2018-2, (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein. The Price Point Study will only include the for-sale Residential Property in CFD No. 2018-2.

**“Total Effective Tax Rate”** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**“Total Tax and Assessment Obligation”** means, with respect to a Plan Type in CFD No. 2018-2, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax A, applicable Special Tax B, Special Tax C (Contingent), if it is being levied in such Fiscal Year, and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding PACE Charges levied on individual Assessor’s Parcels) levied or imposed on all Residential Units of such Plan Type in CFD No. 2018-2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had such Residential Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Residential Units in such Plan Type in CFD No. 2018-2. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Building Square Footage, Price Point, and number of constructed and expected Residential Dwelling Units for such Plan Type in CFD 2018-2 as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Category of for-sale Residential Property in CFD No. 2018-2 for evaluating Special Tax A:

Step No.:

1. At least 30 days prior to the expected Date of Issuance of the first series of Bonds, CFD No. 2018-2 shall cause a Price Point Study to be delivered to the CFD Administrator.

2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in CFD No. 2018-2.

3. Separately, for each Land Use Category of for-sale Residential Property in CFD No. 2018-2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.95%.

a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in CFD No. 2018-2 is less than or equal to 1.95%, then there shall be no change in Special Tax A for such Land Use Category in CFD No. 2018-2.

b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in CFD No. 2018-2 is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in CFD No. 2018-2, which revised Assigned Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.95%.

4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within CFD No. 2018-2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 3.a. and 3.b. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 3.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within CFD No. 2018-2 and converted to a percentage.

5. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit "A" hereto and shall deliver such Certificate of Reduction in Special Tax A to CFD No. 2018-2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax A as identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup

Special Tax A as calculated pursuant to step 4, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 4.

6. If the Date of Issuance of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2018-2 shall execute the acknowledgement on such Certificate of Reduction in Special Tax A, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Category and the Backup Special Tax A shall be, for all purposes, as set forth in such Certificate of Reduction in Special Tax A. If the Date of Issuance of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Tax A shall not be acknowledged by CFD No. 2018-2 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Date of Issuance of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2018-2 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-2 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2018-2 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2018-2 set forth in such Certificate of Reduction in Special Tax A.

8. If the Assigned Special Tax A is not required to be changed for any Land Use Category based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-2 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit "B" hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

9. CFD No. 2018-2 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-2 on a Certificate of Reduction in Special Tax A pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 8.

## **I. TERMINATION OF SPECIAL TAX A**

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2060-2061 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2018-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2018-2 have been acquired and all reimbursements have been paid pursuant to the Acquisition Agreement, (iii) no delinquent

Special Tax A remain uncollected and (iv) all other obligations of CFD No. 2018-2 Special Tax A have been satisfied.

#### **J. MANNER OF COLLECTION**

The Special Tax A shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

#### **K. SPECIAL TAX B**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

#### **L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B**

For each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

#### **M. MAXIMUM SPECIAL TAX B**

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax B per Residential Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax per Taxable Acre.

**1. Developed Property**

**a. Maximum Special Tax B**

The Maximum Special Tax B for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX B  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$788
2. Multifamily Property	Acre	\$3,757
3. Non-Residential Property	Acre	\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**b. Multiple Land Use Categories**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

**2. Approved Property and Undeveloped Property**

The Maximum Special Tax B for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3  
MAXIMUM SPECIAL TAX B RATES**

<b>Maximum Special Tax B Per Acre</b>
\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

#### **N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2019-2020 and for each following Fiscal Year, the Council shall determine the Special Tax B Requirement and shall levy the Special Tax B on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax B equals the Special Tax B Requirement. The Special Tax B shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax B shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax B Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax B for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax B Requirement after the first two steps has been completed, the Special Tax B shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax B for Undeveloped Property.

#### **O. DURATION OF SPECIAL TAX B**

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

#### **P. MANNER OF COLLECTION**

The Special Tax B shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

#### **Q. SPECIAL TAX C (CONTINGENT)**

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the POA's default of its obligation to maintain the improvements described in Exhibit "D" attached hereto, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;
- (ii) the POA is dissolved;
- (iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or



(iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, the POA fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

## **R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)**

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Taxes as determined pursuant to Sections S and T below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

## **S. MAXIMUM SPECIAL TAX C (CONTINGENT)**

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Residential Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

### **1. Developed Property**

#### **a. Maximum Special Tax C (Contingent)**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2**  
**MAXIMUM SPECIAL TAX C (CONTINGENT)**  
**FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$19
2. Multifamily Property	Acre	\$88
3. Non-Residential Property	Acre	\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

**2. Approved Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3**  
**MAXIMUM SPECIAL TAX C (CONTINGENT)**  
**FOR APPROVED PROPERTY AND UNDEVELOPED PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Acre</b>
\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

## **T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX**

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;

Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax C (Contingent) for Approved Property;

Step Three: If additional monies are needed to satisfy the Special Tax C (Contingent) Requirement after the first two steps has been completed, the Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax C (Contingent) for Undeveloped Property.

## **U. DURATION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

## **V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

## **W. APPEALS OF SPECIAL TAXES**

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the

CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2018-2; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2018-2 in the amount of the overpayment.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

**EXHIBIT “A”**

**CERTIFICATE OF REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax A for Developed Property for [certain or all] Land Use Categories within CFD No. 2018-2 has been reduced.

2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.

3. Tables 1A below show the Assigned Special Tax A for each Land Use Category in CFD No. 2018-2 after such reduction.

**TABLE 1A  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$
2. Single Family Residential Property	RU	2,200 to 2,500	\$
3. Single Family Residential Property	RU	2,501 to 2,800	\$
4. Single Family Residential Property	RU	2,801 to 3,100	\$
5. Single Family Residential Property	RU	3,101 to 3,400	\$
6. Single Family Residential Property	RU	3,401 to 3,700	\$
7. Single Family Residential Property	RU	Greater than 3,700	\$
8. Multifamily Property	Acres	N/A	\$

4. The Backup Special Tax A for each Assessor’s Parcel of Developed Property shall equal an amount per Acre after such reduction as shown below.

The Backup Special Tax A for an Assessor’s Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$\_\_\_\_\_ per unit. This Backup Special Tax A has been established based on the land use configurations shown on Tract Map No. \_\_\_\_\_. In the event any portion of Tract Map No. \_\_\_\_\_ is changed or modified, the Backup Special Tax A for all Assessor’s Parcels within such changed or modified area shall be \$\_\_\_\_\_ per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax A for all Assessor’s Parcels within such Final Map shall be \$\_\_\_\_\_ per Acre.

5. Upon execution of the Certificate of Reduction of Special Tax A by the City and CFD No. 2018-2 the City shall cause an amended Notice of Special Tax Lien for CFD No. 2018-2 to be recorded reflecting the modifications set forth herein.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2018-2, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona

By: \_\_\_\_\_ Date: [closing date of Bonds]

**EXHIBIT “B”**

**CERTIFICATE OF NO REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.

2. Total Effective Tax Rate for all Plan Types in all Land Use Categories is less than or equal to 1.95%

3. The Maximum Special Tax A for Developed Property within CFD No. 2018-2, including the Assigned Special Tax A set forth in Sections D.1.a. and the Backup Special Tax A set forth in Section D.1.c. of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date: [closing date of Bonds] \_\_\_\_\_

## **EXHIBIT “C”**

### **DESCRIPTION OF AUTHORIZED SPECIAL TAX B SERVICES**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.



## **EXHIBIT “D”**

### **DESCRIPTION OF AUTHORIZED SPECIAL TAX C (CONTINGENT) SERVICES**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

**FUNDING AND ACQUISITION AGREEMENT**

**Relating to**

**CITY OF CORONA**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2**

**(SIERRA BELLA)**

**Between**

**THE CITY OF CORONA**

**and**

**CALATLANTIC GROUP, INC.,  
a Delaware corporation**

**September 19, 2018**

**FUNDING AND ACQUISITION AGREEMENT**  
**COMMUNITY FACILITIES DISTRICT NO. 2018-2**  
**(SIERRA BELLA)**  
**OF THE CITY OF CORONA**

This FUNDING AND ACQUISITION AGREEMENT (the “Agreement”) is entered into the 19th day of September, 2018 by and between the CITY OF CORONA, a charter city and municipal organization organized and operating under the laws of the State of California (the “City”), and CALATLANTIC GROUP, INC., a Delaware corporation (“Owner”).

**R E C I T A L S**

A. Owner has purchased that certain real property located on approximately 141.33 gross acres of land including Tract Nos. 36541, 36451-1 and 36451-2 (the “Property”) located in the City, commonly known as “Sierra Bella.”

B. The City, is in the process of establishing a community facilities district pursuant to the provisions of Chapter 2.5 (commencing with § 53311) of Part 1 of Division 2 of Title 5 of the Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982” (the “Act”), over and including the Property for the purpose of levying special taxes (the “Special Taxes”) and selling bonds, in one or more series (the “Bonds”), in an amount sufficient to finance the acquisition of water, sewer and reclaimed water facilities and street and storm drain improvements (the “Acquisition Facilities”), and the design, planning, engineering, installation, and construction of certain public facilities and improvements, to be owned, operated or maintained by the City (the “Public Facilities”) to satisfy the obligation of the Property and the Owner for the payment of certain fees to the City. The Acquisition Facilities and Public Facilities are generally described in Exhibit A attached hereto, which Acquisition Facilities and Public Facilities are necessary to the development of the Property. Said community facilities district shall be known as the “Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona” (the “District”).

C. Section 53313.5 of the Act provides that a community facilities district may finance the purchase of facilities completed prior to the adoption of the resolution establishing the community facilities district, and may purchase facilities completed after the adoption of the resolution of formation establishing the community facilities district if the facilities have been constructed as if they had been constructed under the direction and supervision, or under the authority of, the local agency whose governing body is conducting proceedings for the establishment of the community facilities district.

D. The purpose of this Agreement is to provide for the levy of Special Taxes and the issuance and sale of the Bonds of the District secured by the Special Taxes to finance the acquisition of the Acquisition Facilities, and the design, planning, engineering, financing, installation, and construction of the Public Facilities and expenses incidental thereto.

E. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in Exhibit B attached hereto and by this reference herein incorporated.

## AGREEMENTS

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

Section 1.     Establishment of District. The City shall initiate proceedings pursuant to the Act for the establishment of the District. Such proceedings include elections pursuant to Sections 53326, 53350 and 53353.5 of the Act on (i) the question of the issuance of the Bonds of the District to finance the acquisition of the Acquisition Facilities, and the design, planning, engineering, construction management, financing, installation and construction or acquisition of the Public Facilities, including the direct payment to the City for such Public Facilities, (ii) the question of the annual levy of the Special Taxes on those portions of the Property subject to the Special Taxes to pay directly for the Acquisition Facilities and Public Facilities and to pay the principal of and interest on the Bonds and the annual administrative expenses of the City in levying and collecting such Special Taxes, paying the principal and interest on such Bonds and providing for the registration, exchange and transfer of such Bonds, including the fees of fiscal agents and paying agents, and any necessary replenishment of the reserve fund for such Bonds, and (iii) the question of the establishment of an appropriations limit for the District.

From time to time prior to the issuance of the Bonds, at the written request of Owner, and subject to Owner advancing funds as determined by the City as necessary to pay all costs related thereto in accordance with Section 4 below, the City shall use its reasonable best efforts to undertake proceedings which may be deemed necessary to amend the Rate and Method or to amend the boundaries of the District.

Section 2.     Payment of City Fees as Deposit. Owner shall timely pay or deposit with the City in full when due all City Fees. Any payment or deposit of City Fees before Special Taxes are received or proceeds of the Bonds become available, including all City Fees paid prior to the execution of this Agreement, shall be held on deposit by the City in a separate account used exclusively for City Fees (the "Deposit Account"), and shall not be expended by the City, provided, however, earnings on the investment of funds in the Deposit Account shall be returned to the City. Except as otherwise provided below, if Bonds have not been issued for a period of 36 months from the date of payment of City Fees for the first phase of production units, then the City may use any funds remaining in the Deposit Account for their lawful purposes and such funds shall be deemed by the City as the payment of the City Fees for the applicable parcels of the Property for which payment was made, provided that if Owner requests that Bonds be issued within such 36 month time frame, then the City may not use any funds remaining in the Deposit Account as provided herein until 48 months from the date of payment of City Fees for the first phase of production units.

Immediately upon the City receiving proceeds of the Bonds in accordance with this Agreement, the City shall return to Owner, or Owner's designee, all funds held in the Deposit Account. In addition, prior to the issuance of Bonds, to the extent Special Taxes in the Special Fund are available to be disbursed for Public Facilities in accordance with Section 6(a)(3) below, an equal amount of funds held in the Deposit Account shall be returned to Owner.

Section 3. Sale of Bonds. Upon Owner's written request, the City shall use its reasonable best efforts, as hereinafter provided, to issue and sell Bonds, in one or more series, in accordance with the provisions of this Agreement and the Financing District Policy. Each series of Bonds is expected to have a debt service amortization schedule matching the annual Special Taxes available for debt service pursuant to the Rate and Method and for a term of not more than forty (40) years, for the purpose of raising an amount sufficient to pay for the design, planning, engineering, construction management, financing, installation and construction or acquisition of the Public Facilities and the Acquisition Facilities. In connection with the issuance of the first series of Bonds, the City on behalf of itself and the District shall establish criteria for the issuance of Additional Bonds which meet the criteria of the Financing District Policy. The timing of the issuance and sale of each series of Bonds, the aggregate principal amount thereof, and the terms and conditions upon which they shall be sold shall be as set forth in this Agreement and otherwise as determined by the City in its sole reasonable discretion after consultation with Owner. Not by way of limitation of the foregoing, the timing of the issuance and sale of the first series of Bonds and any Additional Bonds shall be as soon as reasonably practicable, as determined by the City in its sole reasonable discretion following consultation with its financial advisor, underwriter and other consultants and counsel after written request from Owner. Owner shall use its reasonable best efforts to cooperate with City in connection with any Bond sale.

Section 4. Advance of Certain Expenses. Pursuant to an Agreement Providing for Advancement of Funds for Proposed Community Facilities District No. 2018-2 of the City of Corona, between the City and Owner (the "Deposit Agreement"), Owner shall pay and advance all of the costs reasonably associated with the establishment of the District. Owner shall deposit funds with the City for the City's reasonable out-of-pocket expenses associated with a sale of each series of Bonds, including, but not limited to, (i) the fees and expenses of any consultants and legal counsel to the City employed in connection with the issuance of the Bonds, including an engineer, special tax consultant, financial advisor, bond counsel and any other consultant deemed necessary or advisable by the City, (ii) the costs of appraisals, market absorption and feasibility studies and other reports deemed necessary or advisable by the City in connection with the issuance of the Bonds, (iii) the costs of publication of notices and other costs related to any proceeding undertaken in connection with the issuance of the Bonds, (iv) reasonable charges for City staff time incurred in connection with the issuance of the Bonds, including a reasonable allocation of City overhead expense, and (v) any and all other actual costs and expenses incurred by the City in connection with the issuance of the Bonds ("Reimbursable Expenses"). If the Bonds are issued by the District, the City shall reimburse Owner from proceeds of the Bonds, without interest, for the portion of the Reimbursable Expenses deposits that have been expended or encumbered, said reimbursement to be made from the proceeds of the Bonds on the date of issuance of the Bonds or as soon as reasonably possible thereafter and only to the extent otherwise permitted under the Act, and refund any unexpended or encumbered deposited amounts. If the Special Taxes are levied and collected, the City may reimburse Owner from the receipts of Special Taxes (net of amounts required to pay District administrative expenses), without interest, for the portion of the deposits paid by Owner pursuant to the Deposit Agreement that have been expended or encumbered, said reimbursement from receipts of Special Taxes to be made on or before the end of each fiscal year; provided, however, that the City may retain such collected Special Taxes in the amounts that it deems reasonably necessary to facilitate the issuance of the Bonds.

The City shall keep records of all Reimbursable Expenses advanced by the City pursuant to this Section 4, which records shall be available for inspection by Owner during regular business hours. The sole source of funds for reimbursement of any advance expenditure made by the City or Owner shall be the uncommitted and unexpended payments made by Owner to the City, proceeds of the Bonds, or Special Tax receipts as determined by the City.

Section 5. Tax Requirements. The timing of the sale of each series of Bonds, the nature of the investments in which the proceeds of the Bonds shall be invested, the duration of such investments, and the timing of the expenditure of such proceeds shall be as set forth in this Agreement and the applicable fiscal agent agreement (the “Fiscal Agent Agreement”); provided, that in all such matters City shall comply with the requirements of and limitations prescribed by the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the “Code”), as amended, and the implementing regulations of the United States Department of the Treasury. The City shall not be required to take any such action which in the opinion of the City’s bond counsel could result in the Bonds being classified by the United States Department of the Treasury as “arbitrage bonds” or which could otherwise result in the interest on the Bonds being included in gross income for purposes of Federal income taxation. Should any change in or regulatory interpretation of any such requirement or limitation which may occur after the date of this Agreement require or necessitate, in the reasonable opinion of such bond counsel, any action on the part of the City in order to avoid such a classification or loss of tax exemption, the City shall notwithstanding any provision of this Agreement, forthwith take such action. In the event the City fails to comply with requirements set forth above in this Section 5, the City’s liability is limited to the Special Tax revenues generated by the District.

Section 6. Priority and Allocation of Surplus Special Taxes and Bond Proceeds.

(a) Special Taxes Prior to the Issuance of Bonds.

Prior to the issuance of Bonds, Special Taxes may be levied at the discretion of the City on Developed Property pursuant to the Rate and Method in and following the first fiscal year in which an Assessor’s Parcel is classified as Developed Property until the issuance of the final series of Bonds.

Prior to the issuance of the first series of Bonds, the proceeds of the Special Taxes shall be allocated in the following priority:

- (1) first, to pay all reasonable costs of administration of the District;
- (2) second, to pay eligible costs reasonably determined by the City to be necessary to facilitate the issuance of Bonds within the next six (6) months; and
- (3) third, the amount remaining after payment of the amounts for (1) and (2) shall be deposited in the Special Fund and disbursed first to reimburse prior deposits paid by Owner to City pursuant to the Deposit Agreement, then to fund the Acquisition Facilities and/or Public Facilities.

(b) Special Taxes Following the Issuance of Bonds. Following the issuance of the first series of Bonds and continuing until the issuance of the final series of Bonds, the City

shall levy Special Taxes on all Assessor's Parcels classified as Developed Property at the Assigned Special Tax amount pursuant to the Rate and Method or such lesser amount which complies with the Fiscal Agent Agreement. In years in which there is no levy of Special Taxes on Undeveloped Property, the priority for allocation of the Special Taxes collected from Developed shall be as follows:

(1) first, to fund an amount up to the annual Administrative Expense Requirement;

(2) second, to pay principal and interest on outstanding Bonds and to replenish the reserve fund to the applicable reserve fund requirement;

(3) third, to fund all actual administrative expenses in excess of the Administrative Expense Requirement; and

(4) fourth, all remaining amounts shall reduce special tax levies in subsequent fiscal years.

(c) Bond Proceeds. The proceeds of all Bonds shall be allocated and disbursed according to the following priorities:

(1) first, to fund all costs of issuance of the Bonds including (i) a reserve fund for the Bonds which does not exceed the amount permitted under the Code or the Act, (ii) capitalized interest for at least the period required to collect sufficient Special Taxes through the annual levy, or a longer period requested by Owner, not to exceed an amount equal to two years interest, or such lesser amount as the City shall determine pursuant to the Financing District Policy, (iii) the underwriter's discount, (iv) the Reimbursable Expenses, and (v) bond counsel fees, disclosure counsel fees, financial advisor, appraisal and market absorption consultant fees, special tax consultant fees, fiscal agent or trustee fees and other typical and reasonable out-of-pocket expenses incurred by the City in connection with the issuance and sale of the Bonds;

(2) second, to reimburse, without interest, prior deposits paid by Owner to City pursuant to the Deposit Agreement and this Agreement related to formation of the District and issuance of the Bonds; and

(3) third, to fund the Acquisition Facilities (including any costs incurred by the City for processing Payment Requests) and/or Public Facilities in satisfaction of an amount equal to City Fees for which Special Taxes were insufficient to pay, as may be determined by the City in consultation with Owner.

Section 7. Construction of Acquisition Facilities. The Acquisition Facilities for which Owner seeks reimbursement under this Agreement shall be constructed and completed by Owner, as determined by the City pursuant to Section 53313.5 of the Act, prior to adoption of the resolution

establishing the District. Payment of the Purchase Price of the Acquisition Facilities shall be in the manner described in Section 8 hereof.

Section 8. Acquisition and Payment of Acquisition Facilities.

(a) Inspection. City agrees that the Acquisition Facilities shall be completed prior to formation of the District and are eligible for payment, provided that the timing and amount of such payment shall be determined by the City pursuant to this Section 8 of this Agreement. No payment hereunder shall be made by the City to Owner for an Acquisition Facility until such Acquisition Facility has been inspected by the City or other applicable public entity or utility and found to be completed in accordance with the approved Plans. For Acquisition Facilities to be acquired by the City, Owner shall request inspection using applicable City procedures. For Acquisition Facilities to be acquired by other public entities or utilities, Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the City Engineer. Owner agree to pay all inspection, permit and other similar fees of the City applicable to construction of the Acquisition Facilities, which fees are subject to reimbursement under this Agreement.

(b) Agreement to Sell and Purchase Acquisition Facilities. Owner hereby agrees to sell the Acquisition Facilities to the City and the City hereby agrees to use amounts available pursuant to the terms of this Agreement to pay the Purchase Price, as defined below, thereof to Owner, subject to the terms and conditions hereof. The City shall not be obligated to pay the Purchase Price for the Acquisition Facilities except from the proceeds of the Bonds and proceeds of the Special Tax as provided herein.

(c) Purchase Price. The Purchase Price for an Acquisition Facility shall be equal to the Actual Cost of such Acquisition Facility, but subject to the limitations of this Section 8.

(d) Payment Requests. In order to receive the Purchase Price for an Acquisition Facility, Owner shall deliver to the City Manager or his designee a Payment Request in the form of Exhibit C hereto, together with all attachments and exhibits required by this Section 8(d) to be included therewith. If the property on which the Acquisition Facility is located is not owned by the City at the time of the request, Owner shall provide a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Acquisition Facility is located, as described in Section 9(a) hereof.

(e) Processing Payment Requests. Upon receipt of a Payment Request (and all accompanying documents), the City Manager or his designee shall conduct a review in order to confirm that such request is complete and to verify and approve the Actual Cost of the Acquisition Facility. The City Manager or his designee shall also conduct such review as is required in his/her discretion to confirm the matters certified in the Payment Request. Owner agrees to cooperate with the City Manager or his designee in conducting each such review and to provide the City Manager or his designee with such additional information and documentation as is reasonably necessary for the City Manager or his designee to conclude each such review. Within 20 business days of receipt of the Payment Request, the City Manager or his designee expects to review the request for completeness and notify Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the



City Manager or his designee expects to provide a written approval or denial (specifying the reason for any denial) of the request within 30 days of its submittal.

(f) Payment. Upon approval of the Payment Request by the City Manager or his designee, the City Manager or his designee shall sign the Payment Request and forward the same to the Finance Director of the City. Upon receipt of the reviewed and fully signed Payment Request, the Finance Director of the City shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Fiscal Agent under the applicable provisions of the Fiscal Agent Agreement, to the extent of funds then on deposit in the appropriate account.

The Purchase Price paid hereunder for the Acquisition Facilities shall constitute payment in full for the Acquisition Facilities, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of the Acquisition Facilities.

(g) Timing of Requisitions. The City and Owner acknowledge that (i) Owner may submit a Payment Request for the Acquisition Facilities to the City in advance of when sufficient, if any, funds are available for payment of the Purchase Price; (ii) the Payment Request submitted when there are insufficient proceeds available will be reviewed by the City as set forth in this Agreement and, if appropriate, approved for payment when such funds are available and (iii) the payment approved in the preceding manner will be deferred until the date, if any, on which there are proceeds of Special Taxes or Bonds available to make all or part of such payment, at which time the city will pay from the Special Fund or direct the Fiscal Agent to wire transfer (or pay in another mutually acceptable manner) from Bond proceeds the funds available to the payee identified in such Payment Request.

(h) Restrictions on Payments. Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any payments made to Owner under Sections 8(b) and 8(f) hereof:

(1) Amounts of Payments. Subject to the following paragraphs of this Section 8(h), payments for the Acquisition Facilities will be made only in the amount of the Purchase Price for the Acquisition Facilities.

Nothing herein shall require the City in any event (i) to pay more than the Actual Cost of the Acquisition Facilities, or (ii) to make any payment beyond the available funds in the Special Fund or the applicable accounts identified in the Fiscal Agent Agreement. The parties hereto acknowledge and agree that all payments to Owner for the Purchase Price of the Acquisition Facilities are intended to be reimbursements to Owner for monies already expended or for immediate payment by Owner (or directly by the City) to third parties in respect of the Acquisition Facilities.

(2) Joint or Third Party Payments. The City may make any payment jointly to Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if Owner so requests the same in

writing or as the City otherwise determines such joint or third party payment is necessary to obtain lien releases.

(3) Withholding Payments. The City shall be entitled, but shall not be required, to withhold any payment hereunder for the Acquisition Facilities if Owner or any Affiliate is delinquent in the payment of *ad valorem* real property taxes, special assessments or taxes, or Special Taxes levied in the District. In the event of any such delinquency, the City shall only make payments hereunder directly to contractors or other third parties employed in connection with the construction of the Acquisition Facilities or to any assignee of Owner's interests in this Agreement (and not to Owner or any Affiliate), until such time as Owner provides the City Manager with evidence that all such delinquent taxes and assessments have been paid.

The City shall withhold final payment for an Acquisition Facility constructed on land until Acceptable Title to such land is conveyed to the City, as described in Section 9 hereof.

Nothing in this Agreement shall be deemed to prohibit Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to Owner with respect thereto so long as such delay in performance shall not subject the Acquisition Facility to foreclosure, forfeiture or sale. In the event that any such lien is contested, Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the City Manager or his designee.

Nothing in this Section 8(h) shall prevent payments pursuant to Section 6.

(i) Modification of Public Facilities. The descriptions of the Acquisition Facilities and Public Facilities in Exhibit A may be modified, or new Public Facilities may be added to Exhibit A, through a Supplement executed by the City Manager and Owner provided the modifications or new Public Facilities are consistent with the facilities and costs authorized to be funded by the District pursuant to the formation proceedings and the Act.

#### Section 9. Ownership and Transfer of Acquisition Facilities.

(a) Conveyance of Land and Easements to City. Acceptable Title to all property on, in or over which the Acquisition Facilities will be located, shall be deeded over to the City by way of grant deed, quitclaim, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain the Acquisition Facilities located therein, thereon or thereover, and to permit Owner to perform its obligations as set forth in this Agreement. Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for an Acquisition Facility and shall be evidenced by an irrevocable offer of dedication or recordation of the acceptance thereof by the City Council.

(b) Facilities to be Owned by the City – Title Evidence. Upon the request of the City, Owner shall furnish to the City a preliminary title report for land with respect to the Acquisition Facilities that have not previously been dedicated or otherwise conveyed to the City,

for review and approval at least fifteen (15) calendar days prior to the transfer of Acceptable Title of the Acquisition Facilities to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to such Acquisition Facility or pay the Purchase Price for the Acquisition Facility until Owner has cured such objections to title to the satisfaction of the City.

(c) Facilities Constructed on Private Lands. If any portion of an Acquisition Facility is located on privately-owned land, the owner thereof shall retain title to the land and the completed Acquisition Facility until the Acquisition Facility is accepted by City and transferred to City pursuant to this Section 9. Pending the completion of such transfer, Owner shall not be entitled to receive any payment for the Acquisition Facility. Owner shall, however, be entitled to receive payments pursuant to Section 8 of the Acquisition Facility upon making an irrevocable offer of dedication of such land in form and substance acceptable to the City Manager.

(d) Facilities Constructed on City Land. If any portion of an Acquisition Facility to be acquired is on land owned by the City, the City hereby grants to Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Acquisition Facility. The provisions for inspection and acceptance of the Acquisition Facilities otherwise provided herein shall apply.

Section 10. Indemnification. Owner shall promptly defend, indemnify and hold harmless the City, its officers, employees and agents, and each and every one of them, and the District from any and all claims, actions, liability, damages, losses, expenses and costs arising out of Owner's performance of, or failure to perform, its duties hereunder or by reason of, or arising out of, this Agreement.

Section 11. City Policies. The Rate and Method, the sale of the Bonds and the ratio of the appraised market value of all parcels of property within the District to the total amount of the assessment and special tax obligation thereof after the issuance and sale of the Bonds (the "Value-to-Lien Ratio") shall comply with the Financing District Policy of the City.

Section 12. Representations, Covenants and Warranties of Owner. Owner represents and warrants for the benefit of the City as follows:

A. Organization. Owner is duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to conduct business as a foreign corporation and is in good standing under the laws of the State of California and has the corporate power and corporate authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

B. Authority. Owner has the corporate power and corporate authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered by Owner, and this Agreement has been duly and validly executed and delivered by Owner.

C. Binding Obligation. This Agreement is a legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

D. Compliance with Laws. Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of Owner in the District in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Acquisition Facilities.

E. Requests for Payment. Owner represents and warrants that (i) it will not request payment from the City out of the Special Taxes or proceeds of the Bonds for the acquisition of any improvements other than the Acquisition Facilities, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Payment Request for the Acquisition Facilities.

F. Additional Information. Owner agrees to cooperate with all reasonable written requests for nonproprietary information by the original purchasers of the Bonds or the City related to the status of construction of improvements within the District, the anticipated completion dates for future improvements, and any other matter material to the investment quality of the Bonds.

G. Continuing Disclosure. Owner agrees to comply with all of its obligations under any continuing disclosure agreement executed by it in connection with the offering and sale of any of the Bonds. Owner shall cooperate with City in complying with the requirements of Rule 15c2-12 of the Securities and Exchange Commission in connection with the issuance and sale of the Bonds. Owner shall provide information to the City regarding its operations and financial condition as such information has been disclosed in the Official Statement. The City, in consultation with the underwriter of the Bonds, may determine that some or all of such financial information will be included in the preliminary official statement and the final official statement for the Bonds. If Owner owns property within the District responsible for more than 20% of the Special Taxes levied in such fiscal year, then Owner acknowledges that it may be an “obligated person” for purposes of compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission and that it may therefore be necessary that Owner enter into a continuing disclosure undertaking, at the time of and in connection with the issuance and sale of the Bonds, that so long as it remains an obligated person it will semi-annually, at the time specified in such undertaking, provide information regarding its financial condition, including, at the City’s discretion, such regularly submitted periodic reports and financial statements prepared by Owner’s certified public accountant which are available to the investing public (which may be consolidated with Owner’s parent company) and the status of development and residential and land sale activity within the District to be included within the semi-annual reports which Owner, or a dissemination agent designated in such undertaking, will file with the Nationally Recognized Municipal Securities Information Repositories which are identified by the Securities and Exchange Commission and any state information repository that may be designated for the State of California, as required by that rule. Copies of all such reports shall also be provided to the City and the underwriter of the Bonds. Owner further acknowledges that it may be an obligated person pursuant to such rule as long as it owns property within the District that is responsible for the

payment of annual Special Taxes which represent 20% or more of the annual debt service on the Bonds. If Owner sells any portion of property within the District to an entity and such entity will own property within the District which will be responsible for the payment of annual Special Taxes which represent 20% or more of the annual debt service on the Bonds, Owner shall notify such entity that it will be an obligated person for purposes of the rule and that such entity will be required to enter into a continuing disclosure undertaking as provided in this section.

Section 13. Independent Contractor. Owner is an independent contractor and not the agent of the City or the District. This Agreement shall not and does not create a joint venture or partnership between the City and Owner. The City shall have no responsibility or liability for the payment of any amount to any employee or subcontractor of Owner.

Section 14. Special Taxes. The parties are entering into this Agreement and establishing the District for the purpose of creating a stream of Special Tax revenues that will be available to the District to pay directly the costs of acquisition, construction and/or equipping the Acquisition Facilities and Public Facilities and to pay debt service on the Bonds, the proceeds of which will be used to pay the costs of acquisition, construction and/or equipping of the Acquisition Facilities and Public Facilities. Owner and City hereby acknowledge and agree (i) that any reduction or termination of the Special Taxes by exercise of the initiative power or other action would constitute a substantial impairment of the Special Tax revenue stream that Owner and City intend to create for the purpose of providing an assured source of funding for construction, acquisition and/or equipping of the Acquisition Facilities and Public Facilities, and (ii) that this Agreement is being entered into, and the Special Taxes are being imposed upon the Property pursuant to the Rate and Method, in accordance with existing laws relating to the imposition of fees and charges as a condition of development of the Property and such Special Taxes are being incurred as an incident of the voluntary act of development of the Property. To the fullest extent permitted by law, Owner, for itself and for each of its successors and assigns as owners or lessees of all or any portion of the Property included in the District hereby waives any right to exercise the initiative power that may be authorized in California Constitution Article XIII C, Section 3, to reduce or appeal the Special Taxes.

Section 15. Disclosure of Special Taxes.

(a) From and after the date of this Agreement, Owner shall provide a "Notice of Special Tax" (as defined in Section 15(b) below) to each prospective purchaser of a home in the District prior to the execution by the home buyer of the sale contract for such home. Owner shall deliver a fully executed copy of each notice to City. Owner shall (i) maintain records of each Notice of Special Tax for a period of five (5) years, and (ii) shall provide copies of each notice to City promptly following the giving of such notice. Owner shall include the Notice of Special Tax in all Owner's applications for Final Subdivision Reports required by the Department of Real Estate ("DRE") which are filed after the effective date of this Agreement.

Owner shall require of a builder acquiring lots within the Property (a "Residential Builder"), prior to the close of escrow on any residential lot, to (i) maintain records of each Notice of Special Tax for a period of five (5) years, (ii) provide copies of each notice to City promptly following the giving of such notice, and (iii) include the Notice of Special Tax in all of such Residential Builder's applications for Final Subdivision Reports required by DRE.

(b) With respect to any parcel, the term “Notice of Special Tax” means a notice in the form prescribed by California Government Code Section 53341.5 which is calculated to disclose to the purchaser thereof (i) that the property being purchased is subject to the Special Taxes and other special taxes of the District; (ii) the classification of such property; (iii) the maximum annual amount of the Special Taxes and other special taxes of the District and the number of years for which they are authorized to be levied; and (iv) the types of facilities and services to be paid with the proceeds of the Special Taxes and other special taxes of the District.

(c) City will file with the Riverside County Recorder’s office a notice of special tax lien that gives notice of the existence of the District and the levy of the Special Tax on property within the District for the benefit of subsequent property owners, pursuant to requirements of Section 3114.5 of the Streets and Highways Code.

(d) Sample Property Tax Bill/Special Tax Information Sheet. Owner and its successors and assigns shall prepare and have available in its sales office, copies of either a sample property tax bill in a form reasonably acceptable for the City or special tax information sheet in substantially the form attached hereto as Exhibit D (the “Special Tax Information Sheet”), which shows the assigned annual Special Taxes and other special taxes authorized to be levied within the District under the Rate and Method. Owner and its successors and assigns shall make available to prospective homebuyers to take with them, copies of such sample property tax bill or Special Tax Information Sheet at the time written information regarding the base home price and property tax information for a specific home site is requested by and provided to such homebuyers. Owner intends to comply with this requirement by providing prospective homebuyers who request such additional written information, with the sample property tax bill in Owner’s Master Property Disclosure Report, a copy of which has presented to and approved by the City.

Section 16. Termination and Dissolution. Prior to the issuance of Bonds, Owner may elect to terminate this Agreement and request that the City cancel the Special Taxes by providing written notice to the City. Within thirty (30) days of such written notice, City shall record a notice of cancellation of the Special Taxes with respect to each parcel. Owner shall be responsible for reasonable City costs incurred relating to the cancellation of the Special Taxes and recordation of such notice; provided, however, that the City shall not terminate the Special Taxes for any lot for which a building permit has been issued, unless Owner pays all City fees or posts separate security therefore. Such termination of this Agreement and cancellation of Special Taxes shall have no effect on Owner’s obligations to pay City Fees upon issuance of a building permit.

Section 17. Binding on Community Facilities District. The District shall automatically become a party to this Agreement, and all provisions hereof which apply to the City shall also apply to the District. The City Council of the City, acting as the legislative body of the District, shall perform all parts of this Agreement which require performance on the part of the District.

Section 18. Assignment. Upon the successful formation of the District, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto and shall run with the land without any further action of the City or Owner unless terminated in writing pursuant to Section 16.

Section 19. Prompt Action. All consents, approvals and determinations required of either the City or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld or conditioned.

Section 20. General. This Agreement and the Deposit Agreement contain the entire agreement between the parties with respect to the matters herein provided for. This Agreement may only be amended by a subsequent written agreement signed on behalf of both parties. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement or the design and acquisition or construction of the Acquisition Facilities, the party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness fees, court costs and other costs incurred by it in prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience only, and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have caused this agreement to be signed as of the date first above written.

Dated: \_\_\_\_\_

CALATLANTIC GROUP, INC.,  
a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

CITY OF CORONA

By: \_\_\_\_\_

Name: Darrell Talbert

City Manager

ATTEST:

By: \_\_\_\_\_

City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_

Bond Counsel

*-Signature Page-  
Funding and Acquisition Agreement*



## **EXHIBIT A**

### **DESCRIPTION OF PUBLIC FACILITIES**

The immediately following table lists the Acquisition Facilities to be constructed by Owner and the Public Facilities to be owned, operated and maintained by the City, including the current cost estimates related thereto, which are subject to change.

<b>A. <u>Acquisition Facilities</u></b>	<b><u>Estimated</u></b>
Maintenance & Special Construction	\$235,210
Temporary Erosion Control	23,525
Sewer System	94,705
Water System	2,843,533
Storm Drain Improvements	2,566,689
Street Improvements	689,948
Contingency	645,361
Management	<u>322,680</u>
<b>Subtotal Acquisition Facilities</b>	<b><u>\$7,421,651</u></b>
 <b>B. <u>Public Facilities</u></b>	
Street and Signal	\$ 959,139
Drainage	278,712
Sewer Capacity <sup>(1)</sup>	1,100,628
Water and Sewer	<u>3,863,133</u>
<b>Subtotal Public Facilities</b>	<b><u>\$6,201,612</u></b>
 GRAND TOTAL ELIGIBLE ACQUISITION FACILITIES AND PUBLIC FACILITIES	 <b>\$13,623,263</b>

<sup>(1)</sup> Taxable bond issue.

## **EXHIBIT B**

### **DEFINITIONS**

The following terms shall have the meanings ascribed to them for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Fiscal Agent Agreement (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Public Works director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Public Works Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Public Works Director, (iii) the Public Works Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council takes final action to accept dedication of or transfer of title to the Acquisition Facilities.

“Acquisition Facilities” means the facilities described as such in Exhibit A to the Agreement.

“Additional Bonds” means any series of Bonds issued by or on behalf of the District after the first series of Bonds, in each case in compliance with and under supplements to the Fiscal Agent Agreement, which Additional Bonds shall be secured on a parity lien or subordinate lien position with other Bonds previously issued.

“Affiliate” mean, with respect to the Owner, any other Person who control, is controlled by or is under common control with the Owner, for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person.

“Agreement” means this Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Sections 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of the Acquisition Facilities, which costs may include: (i) the costs incurred by the Owner for the construction of the Acquisition Facilities, including labor, material and equipment costs; (ii) the costs incurred by the Owner in preparing the Plans for the Acquisition Facilities and the related costs of environmental evaluations of the Acquisition Facilities; (iii) the fees paid to governmental agencies for obtaining permits, licenses or other governmental approvals for the Acquisition Facilities; (iv) a construction and project management fee of five percent (5%) of the costs described in clause (i) above incurred for the construction of the Acquisition Facilities; (v) professional costs incurred by the Owner or the

City associated with the Acquisition Facilities, such as engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; (vi) costs directly related to the construction and/or acquisition of the Acquisition Facilities, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder); and (vii) costs of any real property or interest therein acquired from a third party, which real property or interest therein is either necessary for the construction of such Acquisition Facility (e.g., temporary construction easements, haul roads, etc.) or is required to be conveyed with such Acquisition Facility in order to convey Acceptable Title thereto to the City. Actual Cost shall not include any cost of carry or interest expense with respect to any construction loan obtained by the Owner with respect to the Acquisition Facilities.

“Administrative Expense Requirement” means \$\_\_\_\_\_ per year commencing in the first year of issuance of Bonds.

“Assessor’s Parcel” shall have the meaning ascribed to it in the Rate and Method.

“Bonds” means any series of bonds issued by or on behalf of the District.

“City Fees” means the following development impact fees imposed by the City; water and sewer connection, street and signal, law enforcement, fire protection, library, public meeting, aquatic center, parks and radio communication.

“Completed Property” means (i) a parcel of Developed Property conveyed to an individual homeowner or (ii) a parcel of Developed Property containing one or more rental units for which a certificate of occupancy has been issued by the City or final inspection has been completed by the City.

“Deposit Agreement” means the Deposit Agreement between the City and the Owner.

“Deposits” means payments made by Owner to City for City costs relating to formation of the District and issuance of Bonds.

“District Representative” means the City Manager of the City, or his or her designee.

“Extraordinary Administrative Expenses” means administrative expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within the District.

“Financing District Policy” means the City of Corona Debt Policy and Procedures, dated September 16, 2015, or as amended from time to time.

“Fiscal Agent” means the financial institution or other entity that enters into a Fiscal Agent Agreement with the City with respect to the Bonds.

“Fiscal Agent Agreement” means, collectively, any agreement or agreements by that or similar name to be executed by the City, for and on behalf of the District, and the fiscal

agent, which will provide for, among other matters, the issuance of the Bonds and the establishment of an Improvement Fund as originally executed by the City and the fiscal agent and as it may be amended from time to time.

“Owner” means CalAtlantic Group, Inc., a Delaware corporation, as the owner of the Property, and its successors and assigns, other than individual homebuyers.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Plans” means the plans, specifications, schedules and related construction contracts for the Acquisition Facilities approved pursuant to the applicable standards of the City or other entity that will own, operate or maintain the Acquisition Facilities when completed and acquired.

“Purchase Price” means the amount paid by the City for the Acquisition Facilities determined in accordance with Section 8 hereof, being an amount equal to the Actual Cost of such Acquisition Facilities, but subject to the limitations and reductions provided for in Section 8.

“Rate and Method” means the rate and method of apportionment of special taxes approved for the District in accordance with the Act.

“Special Fund” means a discrete, interest-bearing special fund of the City to be established and administered pursuant to this Agreement.

“Special Tax or Special Taxes” means the special tax designated in the Rate and Method.

## **EXHIBIT C**

### **FORM OF PAYMENT REQUEST**

**City of Corona  
Community Facilities District No. 2018-2  
(Sierra Bella)**

The undersigned, \_\_\_\_\_, a duly authorized representative of Owner, hereby requests payment of the Purchase Price of the Acquisition Facilities described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Funding and Acquisition Agreement, dated as of September 19, 2018 (the "Agreement"), by and between the City of Corona ("City") for the City of Corona Community Facilities District No. 2018-2 (Sierra Bella) (the "CFD"), and CalAtlantic Group, Inc., a Delaware corporation ("Owner"). In connection with this Payment Request, the undersigned hereby represents and warrants to the CFD and the City as follows:

1. He (she) is a duly authorized representative of Owner, qualified to execute this request for payment on behalf of Owner and knowledgeable as to the matters set forth herein.
2. The Acquisition Facilities have been completed in accordance with the Agreement.
3. The true and correct Actual Cost of the Acquisition Facilities is set forth in Attachment A.
4. Attached hereto are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Actual Cost of the Acquisition Facilities.
5. There has not been filed with or served upon Owner notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.
6. Owner is in compliance with the terms and provisions of the Agreement.

The Purchase Price for the Acquisition Facilities shall be payable from the appropriate account created pursuant to the Fiscal Agent Agreement or the Special Fund established pursuant to the Agreement.

I hereby certify that the above representations and warranties are true and correct.

Dated: \_\_\_\_\_

**[OWNER SIGNATURE]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By execution of this Payment Request, the City does hereby approve of the payment as described in this Payment Request and directs the Fiscal Agent to pay such amounts, first, from bond proceeds held in the designated account pursuant to the Fiscal Agent Agreement and, second from any surplus Special Taxes held by the City as applicable, to the payee listed above and/or the City shall pay all or a portion thereof from funds designated by the City for such purpose.

CITY OF CORONA  
for the City of Corona Community  
Facilities District No. 2018-2  
(Sierra Bella)

By: \_\_\_\_\_

Name: \_\_\_\_\_

City Manager

## ATTACHMENT A

<b>City Acquisition Facility</b>	<b>Estimated Cost</b>	<b>Actual Cost</b>	<b>Purchase Price</b>
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Total Purchase Price to be Paid    \$

## **EXHIBIT D**

### **CITY OF CORONA SPECIAL TAX INFORMATION SHEET Community Facilities District No. 2018-2 (Sierra Bella)**

**1. WHAT IS COMMUNITY FACILITIES DISTRICT (CFD) NO. 2018-2?**

CFD No. 2018-2 (Sierra Bella) was formed pursuant to the “Mello-Roos Community Facilities Act of 1982” to finance certain public facilities.

**2. WHO IS RESPONSIBLE TO PAY THE SPECIAL TAX AND HOW IS IT BILLED?**

The property owner is responsible for paying the CFD No. 2018-2 (Sierra Bella) special taxes, which will appear as a separate line item on your property tax bill along with your regular property taxes.

**3. HOW MUCH WILL MY SPECIAL TAX BE?**

Special Tax A is based upon the size of the home. The assigned and maximum special taxes for CFD No. 2018-2 (Sierra Bella) for the 2019-2020 fiscal year are summarized below.

**Special Tax A**

The maximum special tax in any fiscal year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A. The Assigned Special Tax A shall be determined pursuant to the table below:

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax per Taxable Unit</b>
1. - Single Family Residential Property	DU	Less than 2,200	\$ 4,187.00
2. - Single Family Residential Property	DU	2,200 to 2,500	4,374.00
3. - Single Family Residential Property	DU	2,501 to 2,800	4,568.00
4. - Single Family Residential Property	DU	2,801 to 3,100	4,762.00
5.. - Single Family Residential Property	DU	3,101 to 3,400	4,957.00
6. - Single Family Residential Property	DU	3,401 to 3,700	5,158.00
7. - Single Family Residential Property	DU	Greater than 3,700	5,383.00
8. - Multifamily Property	Acres	N/A	26,299.00
9. - Non-Residential Property	Acres	N/A	26,299.00

**Special Tax B**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax per Taxable Unit</b>
1. - Single Family Residential Property	DU	\$ 788.00
2. - Multifamily Property	DU	3,757.00
3. - Non- Residential Property	DU	3,757.00

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**Special Tax C (Contingent)**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax per Taxable Unit</b>
1. - Single Family Residential Property	RU	\$19.00
2. - Multifamily Property	Acre	88.00
3. - Non- Residential Property	Acre	88.00

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**4. HOW LONG WILL I HAVE TO PAY THE CFD NO. 2018-2 SPECIAL TAX?**

Special Tax A will not be collected after fiscal year 2060-2061.

Special Tax B and Special Tax C (Contingent) are authorized to be levied in perpetuity.

**5. CAN THE SPECIAL TAXES BE PREPAID?**

Homeowners have the option of prepaying Special Tax A anytime. Special Tax B and Special Tax C (Contingent) cannot be prepaid. For prepayment information please contact the City of Corona's CFD No. 2018-2 (Sierra Bella) administrator, Spicer Consulting Group, LLC, 41619 Margarita Road, Suite 101, Murrieta, CA 92591, phone (866-504-2067).

**6. WHERE CAN I GET MORE INFORMATION?**

For more information in regards to CFD No. 2018-2, contact the City of Corona's CFD No. 2018-2 (Sierra Bella) administrator, Spicer Consulting Group, LLC, 41619 Margarita Road, Suite 101, Murrieta, CA 92591, phone (866) 504-2067.

## **RESOLUTION NO. 2018-096**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA DETERMINING THE NECESSITY TO INCUR A BONDED INDEBTEDNESS FOR COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA), SUBMITTING TO THE QUALIFIED ELECTORS OF THE COMMUNITY FACILITIES DISTRICT A PROPOSITION TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, TO AUTHORIZE SUCH COMMUNITY FACILITIES DISTRICT TO INCUR A BONDED INDEBTEDNESS SECURED BY THE LEVY OF A SPECIAL THEREIN TO FINANCE CERTAIN TYPES OF PUBLIC FACILITIES AND TO ESTABLISH AN APPROPRIATIONS LIMIT FOR SUCH COMMUNITY FACILITIES DISTRICT AND CALLING A SPECIAL ELECTION FOR THE COMMUNITY FACILITIES DISTRICT ON A PROPOSITION FOR INCURRING SUCH BONDED INDEBTEDNESS**

**WHEREAS**, on August 15, 2018, the City Council (the “City Council”) of the City of Corona (the “City”), pursuant to 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 California Government Code (the “Act”), adopted Resolution No. 2018-102 declaring the necessity for Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California (the “CFD No. 2018-2”), to incur a bonded indebtedness for the purpose of providing and financing certain public facilities described in Exhibit A attached hereto and incorporated herein by this reference (the “Facilities”) which are necessary to meet increased demands placed upon the City as a result of development which will occur within CFD No. 2018-2; and

**WHEREAS**, notice was published and mailed to the owner of all of the property in CFD No. 2018-2 relative to the intention of the City Council to establish CFD No. 2018-2, to incur a bonded indebtedness for CFD No. 2018-2 the levy of special taxes therein, the provision of public facilities and services therein, and of the time and place of the public hearing; and

**WHEREAS**, on September 19, 2018, at the time and place of the hearing and the notice thereof, the City Council conducted the public hearing and afforded all persons interested, including persons owning property within CFD No. 2018-2, an opportunity to be heard on the proposed authorization to incur bonded indebtedness, and no protests were received; and

**WHEREAS**, on September 19, 2018, at the conclusion of the hearing, the City Council adopted the resolution of formation pursuant to Section 53325.1(a) of the Act (the “Resolution of Formation”), establishing CFD No. 2018-2; and

**WHEREAS,** the City Clerk has advised the City Council that she has received a statement from the Registrar of Voters of the County of Riverside that there are no persons registered to vote in the territory of CFD No. 2018-2; and

**WHEREAS,** the City Council has determined that it is necessary that a bonded indebtedness for CFD No. 2018-2 be incurred to contribute to the financing of all or a portion of the Facilities and to authorize the submittal of a proposition to the qualified electors of CFD No. 2018-2, being the landowner of CFD No. 2018-2, all as authorized by the Act;

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF CORONA AS FOLLOWS:**

**SECTION 1. Necessity.** It is necessary for CFD No. 2018-2 to incur a bonded indebtedness as authorized under the terms and provisions of the Act for the purpose of providing and financing the Facilities.

**SECTION 2. Purpose for Bonded Indebtedness.** The specific purposes for the proposed bonded indebtedness are as follows:

To finance a portion of the costs of the acquisition or construction of the Facilities appurtenances and appurtenant work and any and all of those applicable incidental costs described in and authorized by Section 53345.3 of the Act.

**SECTION 3. Territory to Pay for Bonded Indebtedness.** The property within CFD No. 2018-2 will pay for the bonded indebtedness.

**SECTION 4. Bond Authorization.** The amount of the bonded indebtedness of CFD No. 2018-2 may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the indebtedness is to be incurred as authorized pursuant to the Act. The amount of the indebtedness to be authorized for CFD No. 2018-2 is \$20,000,000.

**SECTION 5. Costs Included.** The amount of the bonded indebtedness shall include all costs and estimated costs incidental to, or connected with, the accomplishment of the purposes for which the bonded indebtedness is to be incurred, including, but not limited to, the estimated costs of construction and acquisition of the Facilities, acquisition of land and rights-of-way, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued, architectural, inspection, legal, fiscal and financial consultant fees, bond and other reserve funds and interest on any bonds of CFD No. 2018-2 estimated to be due and payable within two years from the date of the issuance of such bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, underwriter's discount, fees for bond counsel, disclosure counsel, appraisers, financial advisors, market absorption consultants and other consultants, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

**SECTION 6. Terms of Bonds.** The maximum term of the bonds and/or any series shall not exceed 40 years, and such bonds may be issued in differing series, at differing times. The

maximum rate of interest to be paid on the bonds shall not exceed 12 percent per annum or the maximum interest rate permitted by law at the time of sale of any of such bonds. The bonds, except where other funds are made available, shall be paid exclusively from the annual levy of the special tax within CFD No. 2018-2, and are not secured by any other taxing power or the City.

**SECTION 7. Proposition to be Submitted to Voters.** The proposition to be submitted to the voters within CFD No. 2018-2 with respect to the proposed bonded indebtedness shall be as follows:

#### PROPOSITION A

Shall Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, subject to accountability measures required pursuant to Government Code Sections 53410 and 53411, incur a bonded indebtedness in an amount not to exceed \$20,000,000 for the specific purposes set forth in Resolution No. 2018-101?

**SECTION 8. Election.** The date of the special election with respect to the incurring of the aforementioned bonded indebtedness for CFD No. 2018-2, at which time the proposition set forth in Section 5 hereof shall be submitted to the appropriate qualified voters of CFD No. 2018-2 is September 19, 2018, and that special election is hereby called for that date. Pursuant to Section 53326 of the Act, since 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 CFD No. 2018-2, the vote in the special election will be by the landowners of CFD No. 2018-2 whose property would be subject to the special taxes if they were levied at the time of the election, 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 CFD No. 2018-2, and the special election shall be conducted by the City Clerk (the "City Clerk"). The special election shall be consolidated with the special election with respect to the propositions regarding (i) the levy of special taxes within CFD No. 2018-2 for the payment of the principal of and interest on the bonds to finance the acquisition or construction of all or a portion of the Facilities, (ii) the payment of the annual costs of the Special Tax B Services and the Special Tax C (Contingent) Services (as defined in Resolution No. 2018-101), and (iii) establishing an appropriations limit for CFD No. 2018-2 which has also been called for September 19, 2018. The consolidated special elections shall be conducted by the City Clerk pursuant to applicable provisions of the California Elections Code with respect to mail-ballot elections of cities and specifically Division 4 (commencing with Section 4000) of that Code, insofar as they may be applicable. Pursuant to Section 53326 of the Act, the official ballots shall be delivered by the City Clerk to the qualified electors by mail or personal service. The voted official ballots shall be received by the City Clerk by 6:30 p.m. on the date of the election; provided that if all qualified electors have voted, the election shall be closed with the concurrence of the City Clerk.

**SECTION 9. Accountability Measures.** Pursuant to and in compliance with Section 53410 of the Act, if the voters approve the proposition contained in the official ballots for the consolidated special elections with respect to CFD No. 2018-2 incurring bonded indebtedness for the purposes for which such indebtedness by CFD No. 2018-2, is to be incurred and bonds of

CFD No. 2018-2 are to be issued (the “Bond Proposition”), the incurring of such bonded indebtedness and the issuance of bonds of CFD No. 2018-2 shall be subject to the following accountability measures:

(a) the Bond Proposition shall identify the specific purposes for which the bonds are to be issued;

(b) the proceeds of the bonds shall be applied only for the specific purposes identified in the Bond Proposition;

(c) an account or accounts shall be created pursuant to the fiscal agent agreement for such bonds into which the proceeds of the sale of such bonds shall be deposited; and

(d) the City Manager or his designee shall file a report with the City Council as required by Section 53411 of the California Government Code.

The City Council finds that the Bond Proposition which will be set forth in the official ballot for the consolidated special elections, and which is set forth in Section 5 hereof, identify the specific purposes for which CFD No. 2018-2 will incur bonded indebtedness and issue bonds.

**PASSED, APPROVED AND ADOPTED** this 19th day of September, 2018.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 19th day of September, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 19th day of September, 2018.

\_\_\_\_\_  
City Clerk of the City of Corona

## **EXHIBIT A**

### **DESCRIPTION OF FACILITIES**

The proposed types of public facilities to be financed by CFD No. 2018-2 include:

The construction, purchase, modification, expansion and/or improvement of certain storm drain facilities, flood control facilities, water and wastewater facilities (including, without limitation, domestic and recycled water facilities, water tank facilities, wells, reservoirs, pipelines, waterlines, storm and sewer drains and related infrastructure and improvements), street lights, traffic signals, sewer facilities and equipment and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the “Facilities”), and to finance the incidental expenses to be incurred.

## **RESOLUTION NO. 2018-097**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA CALLING A SPECIAL ELECTION AND SUBMITTING TO THE VOTERS OF COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA PROPOSITIONS REGARDING THE ANNUAL LEVY OF SPECIAL TAXES WITHIN THE COMMUNITY FACILITIES DISTRICT TO PAY PRINCIPAL OF AND INTEREST ON BONDS THEREOF AND TO PAY THE COSTS OF PUBLIC FACILITIES, A PROPOSITION WITH RESPECT TO THE ANNUAL LEVY OF SPECIAL TAXES WITHIN THE COMMUNITY FACILITIES DISTRICT TO PAY THE COSTS OF CERTAIN SERVICES, AND ESTABLISHING AN APPROPRIATIONS LIMIT THEREFOR**

**WHEREAS**, pursuant to Section 53325.1 of the California Government Code, the City Council (the “City Council”) of the City of Corona (the “City”) has adopted the resolution of formation of Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California (“CFD No. 2018-2”), establishing the Community Facilities District and the boundaries thereof (the “Resolution of Formation”); and

**WHEREAS**, pursuant to Section 53351 of the California Government Code, the City Council has also adopted a resolution determining that it is necessary that CFD No. 2018-2 incur a bonded indebtedness for the purpose of financing certain public facilities; and

**WHEREAS**, by that resolution, the City Council called a special election on the proposition to be submitted to the voters with respect to CFD No. 2018-2 incurring a bonded indebtedness for the purpose of financing such public facilities; and

**WHEREAS**, pursuant to Section 53326 of the California Government Code, it is necessary that the City Council also submit to the voters of CFD No. 2018-2 the proposition relating to the annual levy of special taxes on taxable property within CFD No. 2018-2 to pay the principal of and interest on the bonds thereof, if such bonds are authorized and issued; and

**WHEREAS**, pursuant to Section 53326 of the California Government Code, it is also necessary that the City Council also submit to the voters of CFD No. 2018-2 the proposition relating to the annual levy of special taxes on taxable property within CFD No. 2018-2 to pay the annual costs of certain services, which are to be provided within and for CFD No. 2018-2; and

**WHEREAS**, pursuant to Section 53325.7 of the California Government Code, the City Council may also submit to the voters of CFD No. 2018-2 a proposition with respect to establishing an appropriations limit for CFD No. 2018-2; and



**WHEREAS**, the City Clerk (the “City Clerk”) has advised the City Council that she has received a statement from the Registrar of Voters of the County of Riverside that there are no persons registered to vote in the territory of CFD No. 2018-2.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF CORONA AS FOLLOWS:**

**SECTION 1. Findings.** The City Council finds that: (i) the foregoing recitals are true and correct; (ii) 12 persons have not been registered to vote within the territory of CFD No. 2018-2 for each of the 90 days preceding the close of the public hearing on September 19, 2018; (iii) pursuant to Section 53326 of the California Government Code, as a result of the findings set forth in clause (ii) above, the vote in the special election called by this resolution shall be by the landowners of CFD No. 2018-2 whose property would be subject to the special taxes if they were levied at the time of the election, and each landowner shall have one vote for each acre, or portion thereof, which he or she owns within CFD No. 2018-2 which would be subject to the proposed special taxes if they were levied at the time of the election; (iv) the owner of all of the property in CFD No. 2018-2 has by written consent (a) waived the time limits set forth in Section 53326 of the California Government Code for holding the election called by this resolution and the election on the proposition of CFD No. 2018-2 incurring bonded indebtedness, which pursuant to Section 4 hereof is consolidated with the election called hereby, (b) consented to the holding of the consolidated special elections on September 19, 2018, (c) waived notice and mailed notice of the time and date of the consolidated special elections, and (d) waived an impartial analysis of the ballot propositions pursuant to Section 9313 or 13119 of the California Elections Code and arguments and rebuttals pursuant to Sections 9314 to 9317, inclusive, mailing of a statement pursuant to Section 9401 of that Code and receipt of a ballot pamphlet as required by Section 3023 of that Code; and (v) the City Clerk has consented to the holding of the consolidated special elections on September 19, 2018.

**SECTION 2. Call of Election.** The City Council hereby calls and schedules special elections for September 19, 2018, within and for CFD No. 2018-2 on (i) the proposition with respect to the annual levy of special taxes on taxable property within CFD No. 2018-2 for the payment of principal of and interest on the bonds of CFD No. 2018-2, which may be issued and sold to finance certain public facilities, (ii) the proposition with respect to the annual levy of special taxes on parcels of taxable property within CFD No. 2018-2 to pay the costs of certain services, and (iii) the proposition with respect to establishing an appropriations limit for CFD No. 2018-2.

**SECTION 3. Propositions.**

(a) The propositions to be submitted to the voters of CFD No. 2018-2 at such special election shall be as follows:

**First Proposition:** Shall Proposition A authorizing the levy of special taxes annually on taxable property within CFD No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, to pay the principal of and interest on the bonds of the community facilities district which may be issued and sold for the purposes specified in Resolution No. 2018-101, to replenish the reserve fund for the bonds, or to accumulate

funds for future bond payments, including any amount required by federal law to be rebated to the United States with regard to the bonds, and to pay expenses incidental thereto, and to the levy and collection of the special tax, so long as the special tax is needed to pay the principal of and interest on the bonds and for such other purposes, at the special tax rates and pursuant to the method of apportioning the special tax set forth in Exhibit “D” to Resolution No. 2018-101 adopted by the City Council of the City of Corona on August 15, 2018 be approved?

Second Proposition: Shall Proposition B authorizing the levy of special taxes annually on taxable property within CFD No. 2018-2 to pay the annual costs of the Special Tax B Services (as defined in Resolution No. 2018-101) and the Special Tax C (Contingent) Services (as defined in Resolution No. 2018-101), and to pay expenses incidental thereto and to the levy and collection of the special taxes, so long as the special taxes are needed to pay such costs and expenses, at the special tax rates and pursuant to the method of apportioning the special taxes set forth in Exhibit D to Resolution No. 2018-101 adopted by the City Council of the City of Corona on August 15, 2018 be approved?

Third Proposition: Shall Proposition D authorizing an annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, in the amount of \$20,000,000 be approved?

**SECTION 4. Consolidation of Elections.** The special election called hereby on the propositions to be submitted to the voters of CFD No. 2018-2, as set forth in Section 3 hereof, shall be consolidated with the special election on the proposition of CFD No. 2018-2 incurring bonded indebtedness. The ballot for said consolidated elections shall be in the form attached hereto as Exhibit A.

**SECTION 5. Conduct of Election.** Except as otherwise provided in Section 6 hereof, the consolidated special elections shall be conducted by the City Clerk in accordance with the provisions of the California Elections Code governing mail ballot elections of cities, and in particular the provisions of Division 4 (commencing with Section 4000), of that Code, insofar as they may be applicable.

**SECTION 6. Election Procedures.** The procedures to be followed in conducting the consolidated special elections on (i) the proposition with respect to CFD No. 2018-2 incurring a bonded indebtedness, (ii) the proposition with respect to the levy of special taxes on taxable property within CFD No. 2018-2 to pay the principal of and interest on the bonds of CFD No. 2018-2, (iii) the proposition with respect to the levy of special taxes on the land within CFD No. 2018-2 to pay the annual costs of the Special Tax B Services and the Special Tax C (Contingent) Services, and (iv) the proposition with respect to establishing an appropriations limit for CFD No. 2018-2 in the amount of \$20,000,000 (the “Consolidated Special Elections”) shall be as follows:

(a) Pursuant to Section 53326 of the California Government Code, ballots for the Consolidated Special Elections shall be distributed to the qualified electors by the City Clerk by mail or personal service.

(b) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of cities, and in particular Division 4 (commencing with Section 4000) of that Code with respect to elections conducted by mail, the City Clerk shall mail or deliver to each qualified elector an official ballot in the form attached hereto as Exhibit "A," 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 return identification envelope with prepaid postage thereon addressed to the City Clerk for the return of voted official ballots and a copy of Resolution No. 2018-101 adopted by the City Council on August 15, 2018.

(c) The official ballot to be mailed or delivered by the City Clerk 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 CFD No. 2018-2.

(d) The return identification envelope to be mailed or delivered by the City Clerk 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 the declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the City Clerk.

(e) The instruction to voter form to be mailed or delivered by the City Clerk to the landowner-voters shall inform them that the official ballots shall be returned to the City Clerk 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 6:30 p.m. on the date of the Consolidated Special Elections; provided that if all qualified electors have voted, the elections shall be closed with the concurrence of the City Clerk.

(f) Upon receipt of the return identification envelopes which are returned prior to the voting deadline on the date of the elections, the City Clerk shall canvass the votes cast in the Consolidated Special Elections, and shall file a statement with the City Council as to the results of such canvass and the election on each proposition set forth in the official ballot.

**SECTION 7. Accountability Measures.** Pursuant to Section 53410 of the California Government Code, if the voters approve the proposition contained in the official ballot for the

Consolidated Special Elections with respect to CFD No. 2018-2 incurring bonded indebtedness for the purposes for which such indebtedness is to be incurred (the “Bond Proposition”) and bonds of CFD No. 2018-2 are to be issued, the incurring of such bonded indebtedness and the issuance of bonds of CFD No. 2018-2 shall be subject to the following accountability measures:

(a) The Bond Proposition shall identify the specific purposes for which the bonds are to be issued;

(b) The proceeds of the bonds shall be applied only for the specific purposes identified in the Bond Proposition;

(c) An account or accounts shall be created pursuant to the fiscal agent agreement for such bonds into which the proceeds of the sale of such bonds shall be deposited; and

(d) The City Manager of the City or his designee, shall file a report with the City Council which shall contain the information required by Section 53411 of the California Government Code.

The City Council finds that the Bond Proposition which is set forth in the official ballot for the consolidated special elections, which is attached as Exhibit “A” hereto, identifies the specific purposes for which CFD No. 2018-2 will incur bonded indebtedness and issue bonds.

**PASSED, APPROVED AND ADOPTED** this 19th day of September, 2018.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 19th day of September, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 19th day of September, 2018.

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City Clerk of the City of Corona

**EXHIBIT A**

**OFFICIAL BALLOT**

**CONSOLIDATED SPECIAL ELECTIONS FOR  
COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA**

September 19, 2018

To vote, mark a cross (+) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk and obtain another.

**PROPOSITION A:** Shall Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, subject to accountability measures required pursuant to Government Code Section 50075.1 levy a special tax annually on taxable property within Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, to pay the principal of and interest on the bonds of the community facilities district which may be issued and sold for the purposes specified in Resolution No. 2018-101, to replenish the reserve fund for the bonds, or to accumulate funds for future bond payments, including any amount required by federal law to be rebated to the United States with regard to the bonds, and to pay expenses incidental thereto, and to the levy and collection of the special tax, so long as the special tax is needed to pay the principal of and interest on the bonds and for such other purposes, at the special tax rates and pursuant to the method of apportioning the special tax set forth in Exhibit D to Resolution No. 2018-101 adopted by the City Council of the City of Corona on August 15, 2018 be approved?

YES	
NO	

**PROPOSITION B:** Shall Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, subject to accountability measures required pursuant to Government Code Section 50075.1 levy special taxes annually on taxable property within Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California, to pay the annual costs of the Special Tax B Services (as defined in Resolution No. 2018-101) and the Special Tax C (Contingent) Services (as defined in Resolution No. 2018-101), and to pay expenses incidental thereto and to the levy and collection of the special taxes, so long as the special taxes are needed to pay such costs and expenses, at the special tax rates and pursuant to the method of apportioning the special taxes set forth in Exhibit D to Resolution No. 2018-101 adopted by the City Council of the City of Corona on August 15, 2018 be approved?

YES	
NO	

**PROPOSITION C:** Shall Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, subject to accountability measures required pursuant to Government Code Sections 53410 and 53411, incur a bonded indebtedness for Community Facilities District No. 2018-2 (Sierra Bella) in an amount not to exceed \$20,000,000 for the specific purposes set forth in Resolution No. 2018-101?

YES	
NO	

**PROPOSITION D:** Shall Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California establish an annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, in the amount of \$20,000,000 be approved?

YES	
NO	

PROPOSITION A AND B ARE SUBJECT TO THE ACCOUNTABILITY MEASURES PRESCRIBED IN SECTION 50075 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA. PROPOSITION C IS SUBJECT TO THE ACCOUNTABILITY MEASURES PRESCRIBED IN SECTIONS 53410 AND 53411 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

## **RESOLUTION NO. 2018-098**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA DECLARING THE RESULTS OF THE CONSOLIDATED SPECIAL ELECTIONS WITHIN COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)**

**WHEREAS**, on September 19, 2018, the City Council (the “City Council”) of the City of Corona (the “City”) adopted a resolution determining the necessity for Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California (the “CFD No. 2018-2”), to incur a bonded indebtedness for CFD No. 2018-2 for the purposes of providing certain public facilities and calling a special election for CFD No. 2018-2 on the proposition for incurring such bonded indebtedness for September 19, 2018, and providing for the consolidation of said election with the election on the propositions with respect to (i) the annual levy of special taxes on taxable property within CFD No. 2018-2 to pay principal of and interest on such bonds, (ii) the annual levy of special taxes within CFD No. 2018-2 to pay the costs of certain services, and (iii) establishing an appropriations limit for CFD No. 2018-2; and

**WHEREAS**, on September 19, 2018, the City Council also adopted a resolution calling a special election for September 19, 2018, for submitting to the qualified electors of CFD No. 2018-2 the proposition with respect to the annual levy of special taxes on taxable property within CFD No. 2018-2 to pay the principal of and interest on the bonds thereof, the proposition with respect to the annual levy of special taxes on parcels of taxable property within CFD No. 2018-2 to pay costs of certain services, and the proposition with respect to establishing an appropriations limit for CFD No. 2018-2, and providing for the consolidation of that election with the election on the proposition of CFD No. 2018-2 incurring a bonded indebtedness (the “Election Resolution”); and

**WHEREAS**, the City Council has received a statement from the City Clerk (the “City Clerk”), who pursuant to the Election Resolution was authorized to conduct the consolidated special elections for CFD No. 2018-2 and act as the election official therefor, with respect to the canvass of the ballots returned and the results of the consolidated special elections, certifying that more than two-thirds of the votes cast upon the propositions submitted to the voters in the consolidated special elections in CFD No. 2018-2 were cast in favor of all such propositions.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY  
THE CITY COUNCIL OF THE CITY OF CORONA AS FOLLOWS:**

**SECTION 1. Findings.** The City Council finds that: (i) there were no persons registered to vote within the boundaries of CFD No. 2018-2 at the time of the close of the protest hearing on September 19, 2018, and pursuant to Section 53326 of the California Government Code (“Section 53326”) the vote in the consolidated special elections for CFD No. 2018-2 was, therefore, to be by the landowners owning land within CFD No. 2018-2, with each landowner having one vote for each acre or portion of an acre of land that he or she owned within CFD No. 2018-2 which would have been subject to the special tax if levied at the time of the consolidated special elections; (ii) pursuant to Section 53326 and the Election Resolution, the City Clerk



distributed the ballot for the consolidated special elections to CalAtlantic Group, Inc., the owner of all of the taxable property included within the boundaries of CFD No. 2018-2 (the "Property Owner") by mail or personal delivery; (iii) the Property Owner waived the time limits for holding the consolidated special elections and the election dates specified in Section 53326, and consented to the calling and holding of the consolidated special elections on September 19, 2018; (iv) the consolidated special elections have been properly conducted in accordance with all statutory requirements and the provisions of the Election Resolution; (v) pursuant to Section 53326, the Property Owner, which owns approximately 195.78 acres in CFD No. 2018-2, was entitled to a total of 196 votes; (vi) the ballot was returned by the Property Owner to the City Clerk prior to the hour on the date of the election specified by the City Council for the return of voted ballots; (vii) the ballot returned to the City Clerk by the Property Owner voted all votes to which it was entitled in favor of all propositions set forth therein; (viii) more than two-thirds of the votes cast in the consolidated special elections in CFD No. 2018-2, on each such proposition were cast in favor thereof, and pursuant to Sections 53328, 53329 and 53355 of the California Government Code, all such propositions carried; (ix) the City Council, as the legislative body of CFD No. 2018-2, is therefore authorized to take the necessary action to have CFD No. 2018-2 incur a bonded indebtedness in an amount not to exceed \$20,000,000, to annually levy special taxes on taxable property within CFD No. 2018-2, in an amount sufficient to pay the principal of and interest on such bonds, and to annually levy special taxes on taxable property within CFD No. 2018-2 to pay the costs of certain services; and (x) an appropriations limit for CFD No. 2018-2 has been established in the amount of \$20,000,000.

**SECTION 2. Declaration of Results.** All votes voted in the consolidated special elections on the propositions with respect to (i) CFD No. 2018-2 incurring a bonded indebtedness in an amount not to exceed \$20,000,000; (ii) the annual levy of special taxes on taxable property within CFD No. 2018-2 to pay the principal of and interest on the bonds of CFD No. 2018-2; (iii) the annual levy of special taxes on parcels of taxable property within CFD No. 2018-2 to pay costs of certain services; and (iv) establishing an appropriations limit for CFD No. 2018-2 in the amount of \$20,000,000 were voted in favor thereof, and all such propositions carried. The aggregate principal amount of the bonded indebtedness to be incurred by CFD No. 2018-2 shall not exceed \$20,000,000.

**SECTION 3. Effect of Elections.** The effect of the results of the consolidated special elections, as specified in Section 2 hereof, is that the City Council, as the legislative body of CFD No. 2018-2, is authorized (i) to have CFD No. 2018-2 incur a bonded indebtedness in and for the purposes set forth in Proposition A of the Official Ballot for the consolidated special elections for CFD No. 2018-2; (ii) after CFD No. 2018-2 has incurred a bonded indebtedness and issued bonds therefor, to annually levy special taxes on taxable property within CFD No. 2018-2 in an amount sufficient to pay the principal of and interest on such bonds at the special tax rates and pursuant to the methodology for determining and apportioning such special taxes which are set forth in Exhibit D to Resolution No. 2018-101 adopted by the City Council on August 15, 2018; (iii) to annually levy special taxes on taxable property within CFD No. 2018-2 to pay costs of certain services, and (iv) an appropriations limit has been established for CFD No. 2018-2 in the amount of \$20,000,000.

**SECTION 4. Notice of Special Tax Lien.** The City Clerk shall record a notice of special tax lien pursuant to Section 53328.3 of the California Government Code and Section 3114.5 of the California Streets and Highways Code.

**PASSED, APPROVED AND ADOPTED** this 19th day of September, 2018.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 19th day of September, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 19th day of September, 2018.

\_\_\_\_\_  
City Clerk of the City of Corona

## **ORDINANCE NO. 3283**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA), AUTHORIZING THE LEVY OF SPECIAL TAXES IN SUCH COMMUNITY FACILITIES DISTRICT**

**WHEREAS**, the City Council of the City of Corona, California (the “City Council”), has initiated proceedings, held a public hearing, conducted an election and received a favorable vote from the qualified electors authorizing the levy of special taxes in the community facilities district, all as authorized pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1. Division 2, Title 5 of the Government Code of the State of California (the “Act”). This community facilities district shall hereinafter be referred to as Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona (the “District”).

**THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA), DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1.** This City Council does, by the passage of this ordinance, authorize the levy of special taxes on taxable properties located in the District pursuant to the Rate and Method of Apportionment for the District as set forth in Exhibit A attached hereto and incorporated herein by this reference (the “Rate and Method”).

**SECTION 2.** This City Council, acting as the legislative body of the District, is hereby further authorized, by resolution, to annually determine the special tax to be levied within the District for the then current tax year or future tax years; provided, however, the special tax to be levied shall not exceed the maximum special tax authorized to be levied pursuant to the Rate and Method.

**SECTION 3.** The special taxes herein authorized to be levied, to the extent possible, 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 any case of delinquency as applicable for ad valorem taxes; provided, however, the District may utilize a direct billing procedure for any special taxes that cannot be collected on the County of Riverside tax roll or may, by resolution, elect to collect the special taxes at a different time or in a different manner if necessary to meet its financial obligations.

**SECTION 4.** The special taxes authorized to be levied shall be secured by the lien imposed pursuant to Section 3114.5 and 3115.5 of the California Streets and Highways Code, which lien shall be a continuing lien and shall secure each levy of the special taxes. The lien of Special Tax A (as defined in the Rate and Method) shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with law or until Special Tax A ceases to be levied by the City Council. The lien of Special Tax B and Special

Tax C (Contingent) (each as defined in the Rate and Method) shall continue in force and effect until each such special tax ceases to be levied by the City Council.

**SECTION 5.** This Ordinance shall be effective thirty (30) days after its adoption. Within fifteen (15) days after its adoption, the City Clerk shall cause this Ordinance to be published in a newspaper of general circulation in the City.

Introduced at a regular meeting of the City Council of the City of Corona, California, on September 19, 2018.

**PASSED, APPROVED AND ADOPTED** this 3rd day of October, 2018.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Ordinance No. 2018-3283 was regularly introduced at a regular meeting of the City Council of the City of Corona, duly held on the 19th day of September, 2018 and was adopted by the City Council of the City of Corona at a regular meeting held on the 3rd day of October, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 3rd day of October, 2018.

\_\_\_\_\_  
City Clerk of the City of Corona

**EXHIBIT A**

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

Special Taxes (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Assessor’s Parcel of Taxable Property located within the boundaries of the Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona (“CFD No. 2018-2”). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor’s Parcel, shall be determined by the City Council of the City of Corona, acting in its capacity as the legislative body of CFD No. 2018-2 by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Acre or Acreage”** means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being 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 the following actual or reasonably estimated costs directly related to the formation, and administration of CFD No. 2018-2 including, but not limited to: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes A to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2018-2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with evaluating the Special Tax A effective tax rate prior to the issuance of the first series of Bonds; the costs of the City, CFD No. 2018-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2018-

2 for any other administrative purposes of CFD No. 2018-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax A"** means the Special Tax of that name described in Section D below.

**"Backup Special Tax A"** means the Special Tax of that name described in Section D below.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax A within CFD No. 2018-2 has been pledged.

**"Building Permit"** means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may include any subsequent document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor's Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

**"Building Square Footage" or "BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

**"Calendar Year"** means the period commencing January 1 of any year and ending the following December 31.



**“CFD Administrator”** means an official of the City, or designee thereof, responsible for (i) determining the Special Tax A Requirement, (ii) determining the Special Tax B Requirement, (iii) determining the Special Tax C (Contingent) Requirement, and (iv) providing for the levy and collection of the Special Taxes.

**“CFD”** or **“CFD No. 2018-2”** means Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona established by the City under the Act.

**“City”** means the City of Corona.

**“City Council”** means the City Council of the City of Corona, acting as the legislative body of CFD No. 2018-2, or its designee.

**“Condominium Plan”** means a condominium plan as set forth in the California Civil Code, Section 1352.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which a Building Permit for new construction was issued on or before March 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section F.

**“Final Map”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

**“Fiscal Year”** means the period commencing on July 1<sup>st</sup> of any year and ending the following June 30<sup>th</sup>.

**“Indenture”** means the indenture, fiscal agent 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.

**“Land Use Category”** means any of the categories listed in Table 1 of Section D and Table 2 of Section M.

**“Maximum Special Tax A”** means the maximum Special Tax A, determined in accordance with Section D below that can be levied by CFD No. 2018-2 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax B”** means the Maximum Special Tax B, as determined in accordance with Section M below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD No. 2018-2.

**“Maximum Special Tax C (Contingent)”** means the Maximum Special Tax C (Contingent), as determined in accordance with Section S below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD No. 2018-2.

**“Multifamily Property”** means all Assessor’s Parcels of Residential Property for which a building permit has been issued or may be issued for purposes of constructing two or more Residential Units that share common walls, including but not limited to duplexes, triplexes, townhomes, condominiums, and apartment units, as determined by the CFD Administrator.

**“Non-Residential Property”** or **“NR”** means all Assessor’s Parcels of Taxable Property for which a building permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor’s Parcel is Non-Residential Property.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section G.

**“Prepayment Amount”** means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

**“Property Owner Association”** or **“POA”** means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

**“Property Owner’s Association Property”** means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

**“Proportionately”** means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property, Public Property and Property Owner’s Association Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor’s Parcels of Undeveloped Property, Public Property and Property Owner’s Association Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all

Assessor's Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax C (Contingent) levy per Acre to the Maximum Special Tax C (Contingent) per Acre is the same for all Assessor's Parcels of Undeveloped Property.

**“Provisional Undeveloped Property”** means Public Property or Property Owner's Association Property that is not Exempt Property pursuant to Section F.

**“Public Property”** means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**“Residential Property”** means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

**“Residential Unit”** or **“RU”** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

**“Single Family Residential Property”** means all Assessor's Parcels of Residential Property for which a Building Permit has been or may be issued for purposes of constructing a detached Residential Unit on an Assessor's Parcel. Such Residential Unit does not or will not share a common wall with another Residential Unit, as determined by the CFD Administrator.

**“Special Tax(es)”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act.

**“Special Tax A”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act to fund the Special Tax A Requirement.

**“Special Tax A Requirement”** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax A delinquencies, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2018-2 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

**“Special Tax B”** means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax B Requirement.

**Special Tax B Requirement”** means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2018-2 in both the current Fiscal Year

and the next Fiscal Year. The costs to be covered shall be the direct costs for maintenance services including but not limited to (i) maintenance and lighting of parks, parkways, streets, roads and open space, (ii) maintenance and operation of water quality improvements, (iii) public street sweeping, (iv) fund an operating reserve for the costs of Special Tax B Services in the amount not to exceed two times the total Maximum Special Tax B for all Taxable Property for that Fiscal Year, as determined by the CFD Administrator, and (v) Administrative Expenses, less (vi) a credit for funds available to reduce the annual Special Tax B levy, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

**“Special Tax B Services”** means the maintenance and operation of the improvements described in Exhibit “C” attached hereto beginning with the date of City acceptance of each improvement for maintenance purposes.

**“Special Tax C (Contingent)”** means the Special Tax C (Contingent) to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax C (Contingent) Requirement, if required.

**“Special Tax C (Contingent) Requirement”** means that amount required to be collected in any Fiscal Year to: (i) pay the direct costs of Special Tax C (Contingent) Services anticipated to be incurred or otherwise payable by the City in the Calendar Year commencing in such Fiscal Year; and (ii) an allocable share of Administrative Expenses, less (iii) a credit for funds available to reduce the annual Special Tax C (Contingent) levy, as determined by the CFD Administrator.

**“Special Tax C (Contingent) Services”** means the City’s maintenance and operation of the improvements described in Exhibit “D” attached hereto following the POA’s default of its obligation to maintain such improvements, which default shall be deemed to have occurred in each of the circumstances described in Section Q.

**“Taxable Property”** means all Assessor’s Parcels within CFD No. 2018-2, which are not Exempt Property.

**“Taxable Unit”** means either a Residential Unit or an Acre.

**“Tract(s)”** means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

**“Trustee”** means the trustee, fiscal agent, or paying agent under the Indenture.

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

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property, up to the applicable Maximum Special Tax A to fund the Special Tax A Requirement.

### **C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX A**

Each Fiscal Year, beginning with Fiscal Year 2019-2020, each Assessor's Parcel within CFD No. 2018-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property, or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax A rate.

### **D. MAXIMUM SPECIAL TAX A**

#### **1. Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A.

The Maximum Special Tax A for each Assessor's Parcel of Non-Residential Property or Multifamily Residential Property shall be the applicable Assigned Special Tax A described in Table 1 of Section D

#### **a. Assigned Special Tax A**

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property, or Non-Residential Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2019-2020 shall be determined pursuant to Table 1 below.

**TABLE 1  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$4,187.00
2. Single Family Residential Property	RU	2,200 to 2,500	\$4,374.00
3. Single Family Residential Property	RU	2,501 to 2,800	\$4,568.00
4. Single Family Residential Property	RU	2,801 to 3,100	\$4,762.00
5. Single Family Residential Property	RU	3,101 to 3,400	\$4,957.00
6. Single Family Residential Property	RU	3,401 to 3,700	\$5,158.00
7. Single Family Residential Property	RU	Greater than 3,700	\$5,383.00

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
8. Multifamily Property	Acres	N/A	\$26,299.00
9. Non-Residential Property	Acres	N/A	\$26,299.00

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Type. The Maximum Special Tax A levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax A

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$4,964 per Residential Unit. This Backup Special Tax A has been established based on the land use configurations shown on Tentative Tract Map No. 36451, 36451-1, and 36451-2. In the event any portion of Tentative Tract Map No. 36451, 36451-1, and 36451-2 is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$26,299 per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$26,299 per Acre.

The Backup Special Tax A shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, or Property Owners' Association Property.

**2. Approved Property**

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Single Family Property shall be the Backup Special Tax A computed pursuant to Section D.1.c above.

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$26,299 per Acre.

**3. Undeveloped Property, Public Property, and Property Owner's Association Property that is not Exempt Property pursuant to the provisions of Section F**

The Maximum Special Tax A for each Assessor's Parcel of Undeveloped Property, Public Property and/or Property Owners Association Property that is not Exempt Property shall be equal to the product of \$26,299 multiplied by the Acreage of such Assessor's Parcel.

**E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property in accordance with the following steps:

- Step One: Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **F. EXEMPTIONS**

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are

privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 49.71 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 49.71 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 49.71 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax A pursuant to Step Five in Section E.

#### **G. PREPAYMENT OF SPECIAL TAX A**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$13,600,000 expressed in 2018 dollars, which shall increase by the Construction Inflation Index on July 1, 2019, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2018-2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax A levied under this Rate and Method of Apportionment.

**"Construction Fund"** means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2018-2.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**"Future Facilities Costs"** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**"Outstanding Bonds"** means all previously issued Bonds secured by the levy of Special Tax A which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax A.

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

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax A obligation applicable to an Assessor's Parcel



may be fully prepaid and the obligation to pay the Special Tax A for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax A at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor’s Parcel (the “Future Facilities Amount”).
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.
9. Determine the Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the “Defeasance Amount”).
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor’s Parcel and the redemption of Outstanding Bonds (the “Administrative Fees and Expenses”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

16. The Prepayment Amount may be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax A levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special Tax A lien for the Assessor's Parcel, and the obligation to pay the Special Tax A for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

## **2. Prepayment in Part**

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

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

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD

Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section E.

## **H. SPECIAL TAX A REDUCTION**

The following definitions apply to this Section H:

**"Date of Issuance"** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2018-2.

**"PACE Charges"** means a contractual assessment or special tax as established by a public agency to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

**"Plan Type"** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2018-2 as identified in the Price Point Study.

**"Price Point"** means, with respect to the Residential Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Residential Dwelling Units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**"Price Point Consultant"** means any consultant or firm of such consultants selected by CFD No. 2018-2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Residential Units in community facilities districts, (c) is independent and not under the control of CFD No. 2018-2 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2018-2, (ii) the City, (iii) any owner of real property in CFD No. 2018-2, or (iv) any real property in CFD No. 2018-2, and (e) is not connected with CFD No. 2018-2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2018-2 or the City.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2018-2, (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein. The Price Point Study will only include the for-sale Residential Property in CFD No. 2018-2.

**“Total Effective Tax Rate”** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**“Total Tax and Assessment Obligation”** means, with respect to a Plan Type in CFD No. 2018-2, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax A, applicable Special Tax B, Special Tax C (Contingent), if it is being levied in such Fiscal Year, and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding PACE Charges levied on individual Assessor’s Parcels) levied or imposed on all Residential Units of such Plan Type in CFD No. 2018-2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had such Residential Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Residential Units in such Plan Type in CFD No. 2018-2. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Building Square Footage, Price Point, and number of constructed and expected Residential Dwelling Units for such Plan Type in CFD 2018-2 as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Category of for-sale Residential Property in CFD No. 2018-2 for evaluating Special Tax A:

Step No.:

1. At least 30 days prior to the expected Date of Issuance of the first series of Bonds, CFD No. 2018-2 shall cause a Price Point Study to be delivered to the CFD Administrator.

2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in CFD No. 2018-2.

3. Separately, for each Land Use Category of for-sale Residential Property in CFD No. 2018-2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.95%.

a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in CFD No. 2018-2 is less than or equal to 1.95%, then there shall be no change in Special Tax A for such Land Use Category in CFD No. 2018-2.

b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in CFD No. 2018-2 is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in CFD No. 2018-2, which revised Assigned Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.95%.

4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within CFD No. 2018-2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 3.a. and 3.b. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 3.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within CFD No. 2018-2 and converted to a percentage.

5. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit "A" hereto and shall deliver such Certificate of Reduction in Special Tax A to CFD No. 2018-2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax A as identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax A as calculated pursuant to step 4, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 4.

6. If the Date of Issuance of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2018-2 shall execute the acknowledgement on such Certificate of Reduction in Special Tax A, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Category and the Backup Special Tax A shall be, for all purposes, as set forth in such Certificate of Reduction in Special Tax A. If the Date of Issuance of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Tax A shall not be acknowledged by CFD No. 2018-2 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Date of Issuance of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2018-2 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-2 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for

CFD No. 2018-2 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2018-2 set forth in such Certificate of Reduction in Special Tax A.

8. If the Assigned Special Tax A is not required to be changed for any Land Use Category based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-2 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit “B” hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

9. CFD No. 2018-2 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-2 on a Certificate of Reduction in Special Tax A pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 8.

#### **I. TERMINATION OF SPECIAL TAX A**

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor’s Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2060-2061 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2018-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2018-2 have been acquired and all reimbursements have been paid pursuant to the Acquisition Agreement, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of CFD No. 2018-2 Special Tax A have been satisfied.

#### **J. MANNER OF COLLECTION**

The Special Tax A shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor’s Parcels as permitted by the Act.

#### **K. SPECIAL TAX B**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

#### **L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B**

For each Fiscal Year, all Assessor’s Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below.

Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

#### **M. MAXIMUM SPECIAL TAX B**

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax B per Residential Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax per Taxable Acre.

##### **1. Developed Property**

##### **a. Maximum Special Tax B**

The Maximum Special Tax B for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX B  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$788
2. Multifamily Property	Acre	\$3,757
3. Non-Residential Property	Acre	\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.



b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

**2. Approved Property and Undeveloped Property**

The Maximum Special Tax B for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3  
MAXIMUM SPECIAL TAX B RATES**

<b>Maximum Special Tax B Per Acre</b>
<b>\$3,757</b>

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2019-2020 and for each following Fiscal Year, the Council shall determine the Special Tax B Requirement and shall levy the Special Tax B on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax B equals the Special Tax B Requirement. The Special Tax B shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax B shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax B Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax B for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax B Requirement after the first two steps has been completed, the Special Tax B shall be levied

Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax B for Undeveloped Property.

**O. DURATION OF SPECIAL TAX B**

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

**P. MANNER OF COLLECTION**

The Special Tax B shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

**Q. SPECIAL TAX C (CONTINGENT)**

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the POA's default of its obligation to maintain the improvements described in Exhibit "D" attached hereto, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;
- (ii) the POA is dissolved;
- (iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or
- (iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, the POA fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

**R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)**

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Taxes as determined pursuant to Sections S and T below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

**S. MAXIMUM SPECIAL TAX C (CONTINGENT)**

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Residential Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

**1. Developed Property**

**a. Maximum Special Tax C (Contingent)**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX C (CONTINGENT)  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$19
2. Multifamily Property	Acre	\$88
3. Non-Residential Property	Acre	\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**b. Multiple Land Use Categories**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that

contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

## **2. Approved Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3  
MAXIMUM SPECIAL TAX C (CONTINGENT)  
FOR APPROVED PROPERTY AND UNDEVELOPED PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Acre</b>
\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

## **T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX**

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax C (Contingent) for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax C (Contingent) Requirement after the first two steps has been completed, the Special Tax C

(Contingent) shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax C (Contingent) for Undeveloped Property.

**U. DURATION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

**V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

**W. APPEALS OF SPECIAL TAXES**

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2018-2; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2018-2 in the amount of the overpayment.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

## EXHIBIT “A”

### **CERTIFICATE OF REDUCTION OF SPECIAL TAX A**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax A for Developed Property for [certain or all] Land Use Categories within CFD No. 2018-2 has been reduced.

2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.

3. Tables 1A below show the Assigned Special Tax A for each Land Use Category in CFD No. 2018-2 after such reduction.

**TABLE 1A  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$
2. Single Family Residential Property	RU	2,200 to 2,500	\$
3. Single Family Residential Property	RU	2,501 to 2,800	\$
4. Single Family Residential Property	RU	2,801 to 3,100	\$
5. Single Family Residential Property	RU	3,101 to 3,400	\$
6. Single Family Residential Property	RU	3,401 to 3,700	\$
7. Single Family Residential Property	RU	Greater than 3,700	\$
8. Multifamily Property	Acres	N/A	\$

4. The Backup Special Tax A for each Assessor’s Parcel of Developed Property shall equal an amount per Acre after such reduction as shown below.

The Backup Special Tax A for an Assessor’s Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$\_\_\_\_\_ per unit. This Backup Special Tax A has been established based on the land use configurations shown on Tract Map No. \_\_\_\_\_. In the event any portion of Tract Map No. \_\_\_\_\_ is changed or modified, the Backup Special Tax A for all Assessor’s Parcels within such changed or modified area shall be \$\_\_\_\_\_ per Acre.

5. In the event any superseding Tract Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax A for all Assessor’s Parcels within such Final Map shall be \$\_\_\_\_\_ per Acre.

Upon execution of the Certificate of Reduction of Special Tax A by the City and CFD No. 2018-2 the City shall cause an amended Notice of Special Tax Lien for CFD No. 2018-2 to be recorded reflecting the modifications set forth herein.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2018-2, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona

By: \_\_\_\_\_ Date: [closing date of Bonds]

**EXHIBIT “B”**

**CERTIFICATE OF NO REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.

2. Total Effective Tax Rate for all Plan Types in all Land Use Categories is less than or equal to 1.95%

3. The Maximum Special Tax A for Developed Property within CFD No. 2018-2, including the Assigned Special Tax A set forth in Sections D.1.a. and the Backup Special Tax A set forth in Section D.1.c. of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date: [closing date of Bonds]



## **EXHIBIT “C”**

### **DESCRIPTION OF AUTHORIZED SPECIAL TAX B SERVICES**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

## **EXHIBIT “D”**

### **DESCRIPTION OF AUTHORIZED SPECIAL TAX C (CONTINGENT) SERVICES**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

# CITY OF CORONA

## Public Hearing Report



CFD NO. 2018-2 (SIERRA BELLA)

SEPTEMBER 19, 2018



SPICER CONSULTING  
GROUP

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## Background

On August 15, 2018, the City Council of the City of Corona (the "City"), adopted a Resolution of Intention to form Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona (the "CFD No. 2018-2" or "District"), Resolution No. 2018-101, pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, (the "Act").

The CFD No. 2018-2 is currently comprised of three phases of Tract Map 36541 and that includes five undeveloped parcels and approximately 196 gross acres. The proposed development includes 237 single family detached homes, included in two district project lines known as Sonata and Adagio. The properties are generally located south of Green River Road, beyond Calle Del Oro and west of Paseo Grande.

For a map showing the boundaries of CFD No. 2018-2 please see Appendix B.

## Purpose of Public Hearing Report

WHEREAS, this Community Facilities District Report ("Report") is being provided to the City Council and generally contains the following:

1. A brief description of CFD No. 2018-2;
2. A brief description of the Facilities and Services required at the time of formation to meet the needs of CFD No. 2018-2;
3. A brief description of the Boundaries of CFD No. 2018-2; and
4. An estimate of the cost of financing the bonds used to pay for the Facilities, including all costs associated with formation of the District, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District, and any other incidental expenses to be paid through the proposed financing.

For particulars, reference is made to the Resolution of Intention as previously approved and adopted and is included in Appendix C.

NOW, THEREFORE, the undersigned, authorized representative of Spicer Consulting Group, LLC, the appointed responsible officer, or person directed to prepare the Public Hearing Report, does hereby submit the following data:

### Facilities

A Community Facilities District may pay for facilities which may include all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay for any indebtedness secured by any tax, fee, charge, or assessment levied, provide for the purchase, construction, expansion, or rehabilitation for any real or other tangible property with an estimated useful life of five (5) years or longer, which is necessary to meet increased demands placed upon local agencies as a result of development and/or rehabilitation occurring within the District.

The types of facilities that are proposed by CFD No. 2018-2 and financed with the proceeds of special taxes and bonds issued by CFD No. 2018-2 consist of the construction, purchase, modification, expansion and/or improvement of certain storm drain facilities, flood control facilities, water and wastewater facilities (including, without limitation, domestic and recycled water facilities, water tank facilities, wells, reservoirs, pipelines, waterlines, storm and sewer drains and related infrastructure and improvements), street lights, traffic signals, sewer facilities and equipment and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the "Facilities"), and to finance the incidental expenses to be incurred, including:

- a) The cost of engineering, planning and designing the Facilities; and
- b) All costs, including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and
- c) Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for the District.

### Services

The annual services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include, but are not limited to:

(i) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights and traffic signals; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(ii) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(iii) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

(iv) administrative expenses and a reserve fund for replacement.

The annual services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include, but are not limited to:

(i) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(ii) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

(iii) administrative expenses and a reserve fund for replacement.

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for CFD No. 2018-2.

The above services shall be limited to those provided within the boundaries of CFD No. 2018-2 or for the benefit of the properties within the boundaries of CFD No. 2018-2, and said services may be financed by proceeds of the special tax of CFD No. 2018-2 only to the extent that they are in addition to those provided in the territory of CFD No. 2018-2 before CFD No. 2018-2 was created.

### Incidental Expenses

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

All costs associated with the creation of CFD No. 2018-2, the issuance of bonds, the determination of the amount of special taxes to be levied, costs incurred in order to carry out the authorized purposes of CFD No. 2018-2, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2018-2 and any obligations.

The description of the eligible public facilities, services and incidental expenses above are preliminary and general in nature. The final plans and specifications approved by the applicable public agency may show substitutes or modifications in order to accomplish the work or serve the new development and any such substitution or modification shall not constitute a change or modification in the proceedings relating to CFD No. 2018-2.

### Bond Authorization Amounts

The maximum authorized bonded indebtedness is \$20,000,000 for CFD No. 2018-2.

Below is the estimated cost of facilities to be provided to the District.

- a) The cost estimate of facilities, including incidental expenses, to be financed through the issuance of CFD No. 2018-2 Bonds is estimated to be \$13,611,220 based upon current dollars (Fiscal Year 2018-19).
- b) The total facilities eligible to be funded by bond proceeds is \$13,623,263, a summary of the facilities is detailed in the table below, and for further breakdown see Exhibit A of the Funding and Acquisition Agreement.
- c) Pursuant to Section 53340 of the Act, the proceeds of any special tax levied and collected by CFD No. 2018-2 may be used only to pay for the cost of providing public facilities, services, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with determination of the amount of special taxes, collection of special taxes, payment of special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District. The incidental expenses associated with the annual administration of CFD No. 2018-2 are estimated to be \$30,000. However, it is anticipated that the incidental expenses will vary due to inflation and other factors that may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

**Table 3-1**  
**Cost Estimate - Facilities**

Facility	Cost
<b>Acquisition Facilities</b>	
Maintenance & Special Construction	\$235,210
Temporary Erosion Control	\$23,525
Sewer System	\$94,705
Water System	\$2,843,533
Storm Drain Improvements	\$2,566,689
Street Improvements	\$689,948
Contingency	\$645,361
Management	\$322,680
<b>Public Facilities</b>	
Street and Signal	\$959,139
Drainage	\$278,712
Sewer Capacity <sup>(1)</sup>	\$1,100,628
Water and Sewer	\$3,863,133
<b>Grand Total Eligible Facilities</b>	<b>\$13,623,263</b>

<sup>(1)</sup> Sewer Capacity Facilities are eligible as a taxable bond issue.

**Table 3-2**  
**Cost Estimate – Annual Special Tax B Services**

Item	Description	Total
1	Landscaping	\$35,926
2	Street Lighting and Traffic Signals	\$23,537
3	Streets	\$2,245
4	Drainage	\$8,396
5	Bridge	\$8,065
6	Parks	\$44,793
7	Trails	\$1,329
8	Graffiti Abatement	\$886
9	Reserve & Administration	\$25,234
<b>Total</b>		<b>\$150,411</b>

**Table 3-3**  
**Cost Estimate – Annual Special Tax C (Contingent) Services**

Item	Description	Total
1	Drainage	\$3,462
2	Reserve & Administration	\$866
<b>Total</b>		<b>\$4,328</b>



The CFD No. 2018-2 includes approximately 196 gross acres on five undeveloped properties within Tract 36541. The District is located south of Green River Road, beyond Calle Del Oro and west of Paseo Grande. As of Fiscal Year 2018-19 the proposed CFD No. 2018-2 includes the following Assessor's Parcel Numbers: 102-380-063, 102-390-043, 102-390-045, 102-390-047, 102-320-016 (Por.), and 275-020-005 (Por.).

A map showing the boundaries of CFD No. 2018-2 is included in Appendix B.

The Rate and Method of Apportionment allows each property owner within CFD No. 2018-2 to estimate the annual Special Tax amount that would be required for payment. The Rate and Method of Apportionment of the Special Tax established pursuant to these proceedings, is attached hereto as Appendix A (the "Rate and Method"). The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the CFD Administrator may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations, and provided further that CFD No. 2018-2 may covenant to foreclose and may actually foreclose on parcels having delinquent Special Taxes as permitted by the Act.

All of the property located within CFD No. 2018-2, unless exempted by law or by the Rate and Method proposed for CFD No. 2018-2, shall be taxed for the purpose of providing necessary facilities to serve the District. The Boundary Map for CFD No. 2018-2 is attached hereto as Appendix B. Pursuant to Section 53325.3 of the Act, the tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Taxes may be based on the benefit received by property, the cost of making facilities or authorized services available or other reasonable basis as determined by the City, although the Special Taxes may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution. A property owner within the District may choose to prepay in whole or in part the Special Tax A. The available method for so doing is described in Section G of the Rate and Method ("Prepayment of Special Tax A").

For each year that any Bonds are outstanding the Special Tax A shall be levied on all parcels subject to the Special Tax A. If any delinquent Special Taxes A remain uncollected prior to or after all Bonds are retired, the Special Tax A may be levied to the extent necessary to reimburse CFD No. 2018-2 for uncollected Special Taxes associated with the levy of such Special Taxes, but the Special Tax A shall not be levied after 2060-61 Fiscal Year.

Special Tax B and Special Tax C (Contingent) for services shall be levied on all parcels subject to the Special Tax B and Special Tax C (Contingent) in perpetuity to fund the Special Tax B Requirement and Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council. The Special Tax B and Special Tax C (Contingent) cannot be prepaid and is subject to an annual escalator on each July 1, commencing on July 1, 2019 by i) the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100), or ii) by two percent (2.0%), whichever is greater.

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the Property Owner's Association default of its obligation to maintain the improvements described in Exhibit "D" of the Rate and Method of Apportionment, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;
- (ii) the POA is dissolved;
- (iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or
- (iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

For particulars as to the Rate and Method for CFD No. 2018-2, see the attached and incorporated in Appendix A.

Based on the information provided herein, it is my opinion that the described facilities and services herein are those that are necessary to meet increased demands placed upon the City of Corona as a result of development occurring within the CFD No. 2018-2 and benefits the lands within said CFD No. 2018-2. Further, it is my opinion that the special tax rates and method of apportionment, as set forth herein, are fair and equitable, uniformly applied and not discriminating or arbitrary.

Date: September 19, 2018

SPICER CONSULTING GROUP, LLC



SHANE SPICER  
SPECIAL TAX CONSULTANT FOR  
CITY OF CORONA  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA

# APPENDIX A

## Rate and Method of Apportionment



SPICER CONSULTING  
G R O U P

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

Special Taxes (all capitalized terms are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of the Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona ("CFD No. 2018-2"). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor's Parcel, shall be determined by the City Council of the City of Corona, acting in its capacity as the legislative body of CFD No. 2018-2 by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, Public Property and/or Property Owner's Association Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre or Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being 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.  
2018-2,

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the formation, and administration of CFD No. 2018-2 including, but not limited to: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes A to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2018-2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with evaluating the Special Tax A effective tax rate prior to the issuance of the first series of Bonds; the costs of the City, CFD No. 2018-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2018-2 for any other administrative purposes of CFD No. 2018-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax A"** means the Special Tax of that name described in Section D below.

**"Backup Special Tax A"** means the Special Tax of that name described in Section D below.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax A within CFD No. 2018-2 has been pledged.

**"Building Permit"** means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may include any subsequent document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor's Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

**"Building Square Footage" or "BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

**"Calendar Year"** means the period commencing January 1 of any year and ending the following December 31.

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for (i) determining the Special Tax A Requirement, (ii) determining the Special Tax B Requirement, (iii) determining the Special Tax C (Contingent) Requirement, and (iv) providing for the levy and collection of the Special Taxes.

**"CFD" or "CFD No. 2018-2"** means Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona established by the City under the Act.

**"City"** means the City of Corona.

**"City Council"** means the City Council of the City of Corona, acting as the legislative body of CFD No. 2018-2, or its designee.

**"Condominium Plan"** means a condominium plan as set forth in the California Civil Code, Section 1352.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property for which a Building Permit for new construction was issued on or before March 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F.

**"Final Map"** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

**"Fiscal Year"** means the period commencing on July 1<sup>st</sup> of any year and ending the following June 30<sup>th</sup>.

**"Indenture"** means the indenture, fiscal agent 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.

**"Land Use Category"** means any of the categories listed in Table 1 of Section D and Table 2 of Section M.

**"Maximum Special Tax A"** means the maximum Special Tax A, determined in accordance with Section D below that can be levied by CFD No. 2018-2 in any Fiscal Year on any Assessor's Parcel.

**"Maximum Special Tax B"** means the Maximum Special Tax B, as determined in accordance with Section M below that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property within CFD No. 2018-2.

**"Maximum Special Tax C (Contingent)"** means the Maximum Special Tax C (Contingent), as determined in accordance with Section S below that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property within CFD No. 2018-2.

**"Multifamily Property"** means all Assessor's Parcels of Residential Property for which a building permit has been issued or may be issued for purposes of constructing two or more Residential Units that share common walls, including but not limited to duplexes, triplexes, townhomes, condominiums, and apartment units, as determined by the CFD Administrator.

**"Non-Residential Property" or "NR"** means all Assessor's Parcels of Taxable Property for which a building permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax A obligation for an Assessor's Parcel, as described in Section G.

**"Prepayment Amount"** means the amount required to prepay the Special Tax A obligation in full for an Assessor's Parcel, as described in Section G.

**"Property Owner Association" or "POA"** means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

**"Property Owner's Association Property"** means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

**“Proportionately”** means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property, Public Property and Property Owner’s Association Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor’s Parcels of Undeveloped Property, Public Property and Property Owner’s Association Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax C (Contingent) levy per Acre to the Maximum Special Tax C (Contingent) per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

**“Provisional Undeveloped Property”** means Public Property or Property Owner’s Association Property that is not Exempt Property pursuant to Section F.

**“Public Property”** means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

**“Residential Unit”** or **“RU”** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

**“Single Family Residential Property”** means all Assessor’s Parcels of Residential Property for which a Building Permit has been or may be issued for purposes of constructing a detached Residential Unit on an Assessor’s Parcel. Such Residential Unit does not or will not share a common wall with another Residential Unit, as determined by the CFD Administrator.

**“Special Tax(es)”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act.

**“Special Tax A”** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act to fund the Special Tax A Requirement.

**“Special Tax A Requirement ”** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds



from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax A delinquencies, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2018-2 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

**“Special Tax B”** means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax B Requirement.

**“Special Tax B Requirement”** means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2018-2 in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the direct costs for maintenance services including but not limited to (i) maintenance and lighting of parks, parkways, streets, roads and open space, (ii) maintenance and operation of water quality improvements, (iii) public street sweeping, (iv) fund an operating reserve for the costs of Special Tax B Services in the amount not to exceed two times the total Maximum Special Tax B for all Taxable Property for that Fiscal Year, as determined by the CFD Administrator, and (v) Administrative Expenses, less (vi) a credit for funds available to reduce the annual Special Tax B levy, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

**“Special Tax B Services”** means the maintenance and operation of the improvements described in Exhibit “C” attached hereto beginning with the date of City acceptance of each improvement for maintenance purposes.

**“Special Tax C (Contingent)”** means the Special Tax C (Contingent) to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax C (Contingent) Requirement, if required.

**“Special Tax C (Contingent) Requirement”** means that amount required to be collected in any Fiscal Year to: (i) pay the direct costs of Special Tax C (Contingent) Services anticipated to be incurred or otherwise payable by the City in the Calendar Year commencing in such Fiscal Year; and (ii) an allocable share of Administrative Expenses, less (iii) a credit for funds available to reduce the annual Special Tax C (Contingent) levy, as determined by the CFD Administrator.

**“Special Tax C (Contingent) Services”** means the City’s maintenance and operation of the improvements described in Exhibit “D” attached hereto following the POA’s default of its obligation to maintain such improvements, which default shall be deemed to have occurred in each of the circumstances described in Section Q.

**“Taxable Property”** means all Assessor’s Parcels within CFD No. 2018-2, which are not Exempt Property.

**“Taxable Unit”** means either a Residential Unit or an Acre.

**“Tract(s)”** means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

**“Trustee”** means the trustee, fiscal agent, or paying agent under the Indenture.

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

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property, up to the applicable Maximum Special Tax A to fund the Special Tax A Requirement.

## **C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX A**

Each Fiscal Year, beginning with Fiscal Year 2019-2020, each Assessor's Parcel within CFD No. 2018-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property, or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax A rate.

## **D. MAXIMUM SPECIAL TAX A**

### **1. Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A.

The Maximum Special Tax A for each Assessor's Parcel of Non-Residential Property or Multifamily Residential Property shall be the applicable Assigned Special Tax A described in Table 1 of Section D

#### **a. Assigned Special Tax A**

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property, or Non-Residential Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2019-2020 shall be determined pursuant to Table 1 below.

**TABLE 1  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$4,187.00
2. Single Family Residential Property	RU	2,200 to 2,500	\$4,374.00
3. Single Family Residential Property	RU	2,501 to 2,800	\$4,568.00
4. Single Family Residential Property	RU	2,801 to 3,100	\$4,762.00
5. Single Family Residential Property	RU	3,101 to 3,400	\$4,957.00
6. Single Family Residential Property	RU	3,401 to 3,700	\$5,158.00
7. Single Family Residential Property	RU	Greater than 3,700	\$5,383.00
8. Multifamily Property	Acres	N/A	\$26,299
9. Non-Residential Property	Acres	N/A	\$26,299

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Type. The Maximum Special Tax A levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax A

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$4,964 per Residential Unit. This Backup Special Tax A has been established based on the land use configurations shown on Tentative Tract Map No. 36451, 36451-1, and 36451-2. In the event any portion of Tentative Tract Map No. 36451, 36451-1, and 36451-2 is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$26,299 per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$26,299 per Acre.

The Backup Special Tax A shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, or Property Owners' Association Property.

**2. Approved Property**

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Single Family Property shall be the Backup Special Tax A computed pursuant to Section D.1.c above.

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$26,299 per Acre.

**3. Undeveloped Property, Public Property, and Property Owner's Association Property that is not Exempt Property pursuant to the provisions of Section F**

The Maximum Special Tax A for each Assessor's Parcel of Undeveloped Property, Public Property and/or Property Owners Association Property that is not Exempt Property shall be equal to the product of \$26,299 multiplied by the Acreage of such Assessor's Parcel.

**E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property in accordance with the following steps:

- Step One: Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **F. EXEMPTIONS**

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 49.71 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 49.71 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 49.71 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax A pursuant to Step Five in Section E.

## **G. PREPAYMENT OF SPECIAL TAX A**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$13,600,000 expressed in 2018 dollars, which shall increase by the Construction Inflation Index on July 1, 2019, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2018-2, or (ii) determined by the City Council concurrently with a covenant that it

will not issue any more Bonds to be supported by Special Tax A levied under this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2018-2.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**“Outstanding Bonds”** means all previously issued Bonds secured by the levy of Special Tax A which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax A.

## **1. Prepayment in Full**

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax A obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax A at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax A levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year’s Special Tax A levy for the Assessor’s Parcel from the County tax roll. With respect to any Assessor’s Parcel for which the Maximum Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special Tax A lien for the Assessor’s Parcel, and the obligation to pay the Special Tax A for such Assessor’s Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor’s Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

## **2. Prepayment in Part**

The Maximum Special Tax A obligation for an Assessor’s Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

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

$F$  = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

$A$  = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage  $(1.00 - F)$  of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section E.

## H. SPECIAL TAX A REDUCTION

The following definitions apply to this Section H:

**"Date of Issuance"** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2018-2.

**"PACE Charges"** means a contractual assessment or special tax as established by a public agency to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

**"Plan Type"** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2018-2 as identified in the Price Point Study.

**"Price Point"** means, with respect to the Residential Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Residential Dwelling Units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**"Price Point Consultant"** means any consultant or firm of such consultants selected by CFD No. 2018-2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Residential Units in community facilities districts, (c) is independent and not under the control of CFD No. 2018-2 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2018-2, (ii) the City, (iii) any owner of real property in CFD



No. 2018-2, or (iv) any real property in CFD No. 2018-2, and (e) is not connected with CFD No. 2018-2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2018-2 or the City.

**"Price Point Study"** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2018-2, (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type, (d) sets forth such Price Point Consultant's estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein. The Price Point Study will only include the for-sale Residential Property in CFD No. 2018-2.

**"Total Effective Tax Rate"** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**"Total Tax and Assessment Obligation"** means, with respect to a Plan Type in CFD No. 2018-2, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax A, applicable Special Tax B, Special Tax C (Contingent), if it is being levied in such Fiscal Year, and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding PACE Charges levied on individual Assessor's Parcels) levied or imposed on all Residential Units of such Plan Type in CFD No. 2018-2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had such Residential Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Residential Units in such Plan Type in CFD No. 2018-2. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Building Square Footage, Price Point, and number of constructed and expected Residential Dwelling Units for such Plan Type in CFD 2018-2 as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Category of for-sale Residential Property in CFD No. 2018-2 for evaluating Special Tax A:

Step No.:

1. At least 30 days prior to the expected Date of Issuance of the first series of Bonds, CFD No. 2018-2 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in CFD No. 2018-2.
3. Separately, for each Land Use Category of for-sale Residential Property in CFD No. 2018-2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.95%.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in CFD No. 2018-2 is less than or equal to 1.95%, then there shall be no change in Special Tax A for such Land Use Category in CFD No. 2018-2.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in CFD No. 2018-2 is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in CFD No. 2018-2, which revised Assigned

Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.95%.

4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within CFD No. 2018-2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 3.a. and 3.b. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 3.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within CFD No. 2018-2 and converted to a percentage.

5. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit "A" hereto and shall deliver such Certificate of Reduction in Special Tax A to CFD No. 2018-2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax A as identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax A as calculated pursuant to step 4, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 4.

6. If the Date of Issuance of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2018-2 shall execute the acknowledgement on such Certificate of Reduction in Special Tax A, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Category and the Backup Special Tax A shall be, for all purposes, as set forth in such Certificate of Reduction in Special Tax A. If the Date of Issuance of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Tax A shall not be acknowledged by CFD No. 2018-2 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Date of Issuance of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2018-2 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-2 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2018-2 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2018-2 set forth in such Certificate of Reduction in Special Tax A.

8. If the Assigned Special Tax A is not required to be changed for any Land Use Category

based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-2 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit "B" hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

9. CFD No. 2018-2 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-2 on a Certificate of Reduction in Special Tax A pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 8.

#### **I. TERMINATION OF SPECIAL TAX A**

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2060-2061 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2018-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2018-2 have been acquired and all reimbursements have been paid pursuant to the Acquisition Agreement, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of CFD No. 2018-2 Special Tax A have been satisfied.

#### **J. MANNER OF COLLECTION**

The Special Tax A shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

#### **K. SPECIAL TAX B**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

#### **L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B**

For each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

#### **M. MAXIMUM SPECIAL TAX B**

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon,

as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax B per Residential Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax per Taxable Acre.

## **1. Developed Property**

### **a. Maximum Special Tax B**

The Maximum Special Tax B for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX B  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$788
2. Multifamily Property	Acre	\$3,757
3. Non-Residential Property	Acre	\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

### **b. Multiple Land Use Categories**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

## **2. Approved Property and Undeveloped Property**

The Maximum Special Tax B for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3**  
**MAXIMUM SPECIAL TAX B RATES**

Maximum Special Tax B Per Acre
\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2019-2020 and for each following Fiscal Year, the Council shall determine the Special Tax B Requirement and shall levy the Special Tax B on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax B equals the Special Tax B Requirement. The Special Tax B shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax B shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax B Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax B for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax B Requirement after the first two steps has been completed, the Special Tax B shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax B for Undeveloped Property.

**O. DURATION OF SPECIAL TAX B**

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

**P. MANNER OF COLLECTION**

The Special Tax B shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

**Q. SPECIAL TAX C (CONTINGENT)**

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the POA's default of its obligation to maintain the improvements described in Exhibit "D" attached hereto, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;

(ii) the POA is dissolved;

(iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or

(iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, the POA fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

## **R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)**

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Taxes as determined pursuant to Sections S and T below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

## **S. MAXIMUM SPECIAL TAX C (CONTINGENT)**

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Residential Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

### **1. Developed Property**

#### **a. Maximum Special Tax C (Contingent)**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2**  
**MAXIMUM SPECIAL TAX C (CONTINGENT)**  
**FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$19
2. Multifamily Property	Acre	\$88
3. Non-Residential Property	Acre	\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**b. Multiple Land Use Categories**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

**2. Approved Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3**  
**MAXIMUM SPECIAL TAX C (CONTINGENT)**  
**FOR APPROVED PROPERTY AND UNDEVELOPED PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Acre</b>
<b>\$88</b>

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX**

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax C (Contingent) for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax C (Contingent) Requirement after the first two steps has been completed, the Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax C (Contingent) for Undeveloped Property.

#### **U. DURATION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

#### **V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

#### **W. APPEALS OF SPECIAL TAXES**

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2018-2; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2018-2 in the amount of the overpayment.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.



**EXHIBIT "A"**

**CERTIFICATE OF REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax A for Developed Property for [certain or all] Land Use Categories within CFD No. 2018-2 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. Tables 1A below show the Assigned Special Tax A for each Land Use Category in CFD No. 2018-2 after such reduction.

**TABLE 1A  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$
2. Single Family Residential Property	RU	2,200 to 2,500	\$
3. Single Family Residential Property	RU	2,501 to 2,800	\$
4. Single Family Residential Property	RU	2,801 to 3,100	\$
5. Single Family Residential Property	RU	3,101 to 3,400	\$
6. Single Family Residential Property	RU	3,401 to 3,700	\$
7. Single Family Residential Property	RU	Greater than 3,700	\$
8. Multifamily Property	Acres	N/A	\$

4. The Backup Special Tax A for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown below.

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$\_\_\_\_\_ per unit. This Backup Special Tax A has been established based on the land use configurations shown on Tract Map No. \_\_\_\_\_. In the event any portion of Tract Map No. \_\_\_\_\_ is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$\_\_\_\_\_ per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$\_\_\_\_\_ per Acre.

5. Upon execution of the Certificate of Reduction of Special Tax A by the City and CFD No. 2018-2 the City shall cause an amended Notice of Special Tax Lien for CFD No. 2018-2 to be recorded reflecting the modifications set forth herein.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2018-2, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona

By: \_\_\_\_\_ Date as of: [closing date of Bonds]

**EXHIBIT "B"**

**CERTIFICATE OF NO REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
2. Total Effective Tax Rate for all Plan Types in all Land Use Categories is less than or equal to 1.95%
3. The Maximum Special Tax A for Developed Property within CFD No. 2018-2, including the Assigned Special Tax A set forth in Sections D.1.a. and the Backup Special Tax A set forth in Section D.1.c. of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date as of: [closing date of Bonds]

**EXHIBIT "C"**

**DESCRIPTION OF AUTHORIZED SPECIAL TAX B SERVICES**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

**EXHIBIT "D"**

**DESCRIPTION OF AUTHORIZED SPECIAL TAX C (CONTINGENT) SERVICES**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

# APPENDIX B

## Boundary Map



SPICER CONSULTING  
G R O U P

city

82/99

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA), OF THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CORONA AT A REGULAR MEETING THEREOF, HELD ON 15 DAY OF August, 2018, BY ITS RESOLUTION NO. 2018-10142018-102

Sylvia Edwards  
CITY CLERK  
CITY OF CORONA

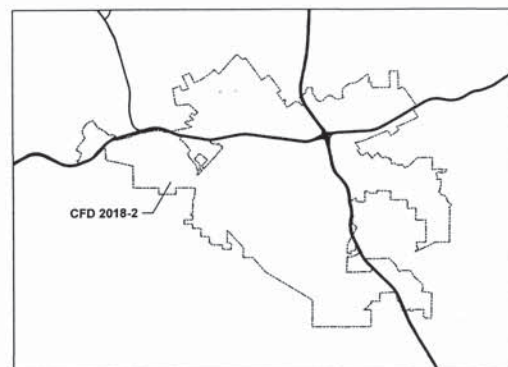
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF CORONA, THIS 15 DAY OF August, 2018.

Sylvia Edwards  
CITY CLERK  
CITY OF CORONA

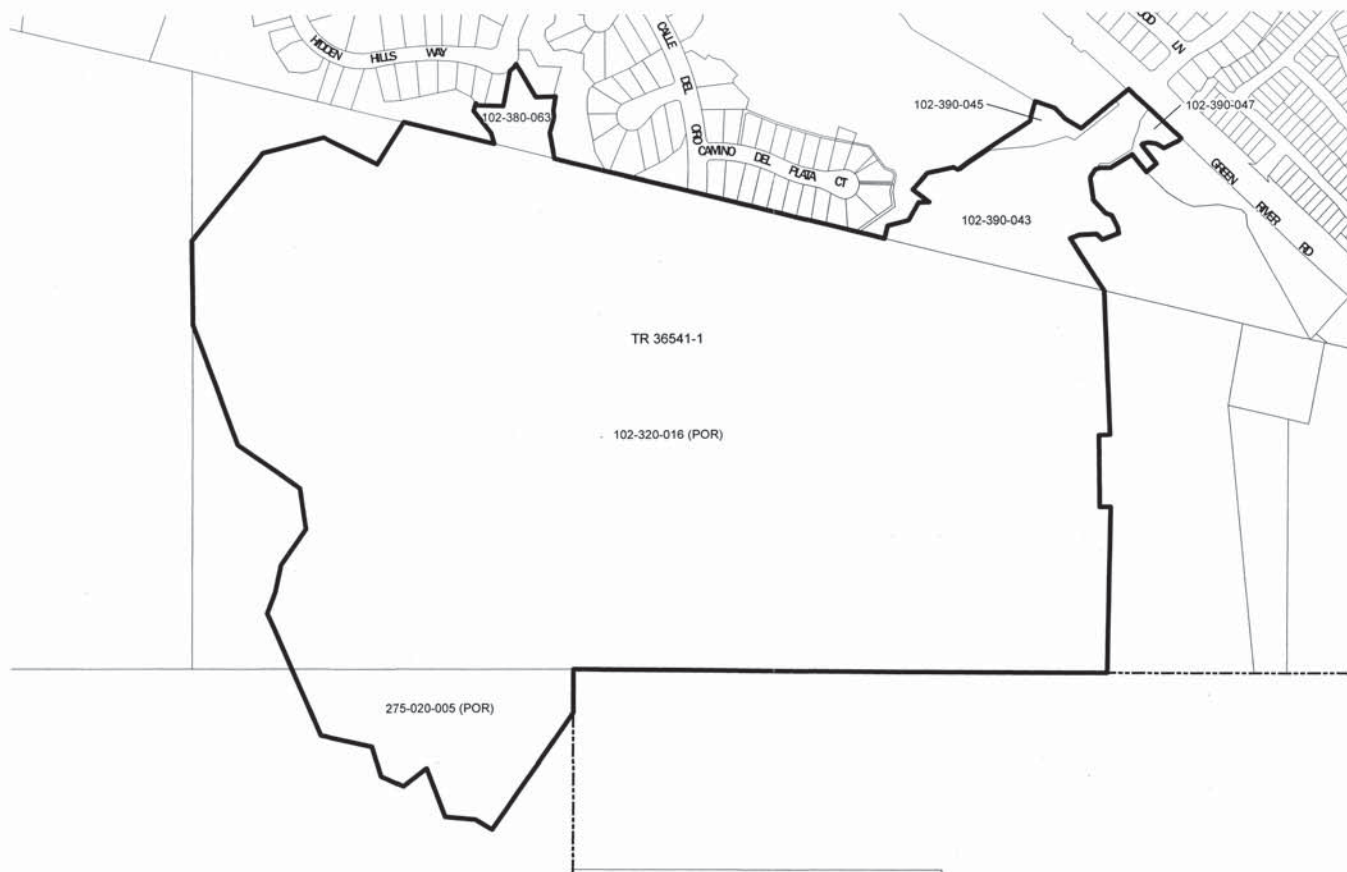
FILED THIS 15 DAY OF August, 2018 AT THE HOUR OF 3:30 O'CLOCK P.M. IN BOOK 82 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 99, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: \$9.00 NO.: 2018-0337857  
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: Yuan  
DEPUTY



# **PROPOSED BOUNDARY MAP** **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)** **OF THE CITY OF CORONA,** **COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



REFERENCE IS HEREBY MADE TO THE CITY OF CORONA TRACT MAP NO. 36541-1 RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DOCUMENT NO. 2018-0289431 FOR A DESCRIPTION OF THE LINES AND DIMENSIONS OF THE PARCELS.

0 390 780 1,560 Feet

## **LEGEND**

- CFD BOUNDARY
- PARCEL BOUNDARY
- CITY BOUNDARY
- TR XXXXX-X TRACT MAP
- XXX-XXX-XXX ASSESSOR'S PARCEL NUMBER



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2018-19.

# APPENDIX C

## Resolution of Intention



SPICER CONSULTING  
G R O U P



## **RESOLUTION NO. 2018-101**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA DECLARING INTENTION TO ESTABLISH PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

**WHEREAS**, the City Council (the “City Council”) of the City of Corona (the “City”) has received a written petition from the owner (the “Owner”) of certain real property within the City of Corona (the “City”) requesting that the City Council initiate proceedings for the formation of a community facilities district, 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,” (the “Act”) for the purpose of financing the public facilities and services which are necessary to meet increased demands placed upon the City as a result of the development of said real property; and

**WHEREAS**, the owner is the owner of all of the property which is proposed to be included within the proposed community facilities district; and

**WHEREAS**, the Act provides that the City Council may initiate proceedings to establish a community facilities district only if it has first considered and adopted local goals and policies concerning the use of community facilities districts; and

**WHEREAS**, the City Council has established its Debt Policy and Procedures Concerning the Use of Mello-Roos Community Facilities Districts on September 16, 2015 (the “Policies”), and the proposed public facilities and services comply with the Policies; and

**WHEREAS**, pursuant to Section 53320 of the Act, having received such a petition, the City Council is required to institute proceedings for the formation of the proposed community facilities district by the adoption of a resolution of intention pursuant to Section 53321 of the Act.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the City Council of the City of Corona, California, as follows:

**SECTION 1. Findings.** The City Council finds that the foregoing recitals are correct.

**SECTION 2. Proposed Community Facilities District.** A community facilities district is proposed to be established under the provisions of the Act. The name proposed for the community facilities district is “Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of California” herein referred to as CFD No. 2018-2.

**SECTION 3. Description and Map of Boundaries.** The boundaries of the proposed CFD No. 2018-2 are described and shown on the map entitled “Proposed Boundary Map Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona, County of Riverside, State of

California,” which is on file with the City Clerk. Said map is approved and, pursuant to Section 3110 of the California Streets and Highways Code, the City Clerk shall, after conforming with the other requirements of Section 3111 of said Code, record the original of said map in her office, and not later than 15 days prior to the date of the public hearing set forth in Section 10 hereof shall file a copy of said map with the County Recorder of the County of Riverside.

**SECTION 4.** Types of Facilities and Services; Incidental Expenses.

(a) A general description of public facilities proposed to be acquired or constructed and financed by CFD No. 2018-2 is set forth in Exhibit A attached hereto and incorporated herein by this reference (the “Facilities”).

(b) A general description of the services which are proposed to be funded with the revenues from Special Tax B (defined below) which are to be levied on parcels of taxable property within the proposed community facilities district is set forth in Exhibit B attached hereto and incorporated herein by this reference (the “Special Tax B Services”).

(c) A general description of the services which are proposed to be funded with the revenues from Special Tax C (Contingent) (defined below) which are to be levied on parcels of taxable property within the proposed community facilities district is set forth in Exhibit C attached hereto and incorporated herein by this reference (the “Special Tax C (Contingent) Services”).

(d) The incidental expenses, as such term is defined in Section 53317(c) of the Act, which will be incurred may include, but not be limited to: (i) the cost of planning and designing such facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the formation of CFD No. 2018-2, issuance and administration of the bonds thereof, the determination of the amount of and collection of taxes, and the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2018-2, and (iii) any other expenses incidental to the construction, completion, acquisition and inspection of the Facilities (the “Incidental Expenses”).

**SECTION 5. Special Taxes.** Except where funds are otherwise available, a special tax sufficient to finance the Facilities and related Incidental Expenses (“Special Tax A”), and a special tax sufficient to finance the Special Tax B Services and related Incidental Expenses (“Special Tax B”) and a special tax sufficient to finance the Special Tax C (Contingent) Services and related Incidental Expenses (“Special Tax C (Contingent)” and, together with Special Tax A, and Special Tax B, the “Special Taxes”), secured by the recordation of a continuing lien against all taxable or nonexempt property in CFD No. 2018-2, shall be annually levied within CFD No. 2018-2.

Under no circumstances will Special Tax A levied in any fiscal year against any parcel used for private residential purposes be increased as consequence of delinquency or default by the owner of any other parcel or parcels within CFD No. 2018-2 by more than 10 percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. A parcel shall be considered “used for private residential purposes” not later than the date on which an occupancy permit or the equivalent for private residential use is issued and for such parcel.

For further particulars as to the rate and method of apportionment of the Special Taxes to be levied on parcels of taxable property in CFD No. 2018-2 reference is made to the attached and incorporated Exhibit D (the "Rate and Method") which sets forth in sufficient detail the rate and method of apportionment of the Special Taxes to allow each landowner or resident within CFD No. 2018-2 to clearly estimate the maximum amount that such person will have to pay.

The conditions under which the obligation to pay Special Tax A may be prepaid and permanently satisfied are as set forth in the Rate and Method. Special Tax B and Special Tax C (Contingent) may not be prepaid.

Pursuant to Section 53340 of the Act, said Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided however, that CFD No. 2018-2 may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent assessor's parcels as permitted by the Act.

Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Taxes shall attach to all non-exempt real property in CFD No. 2018-2, and that lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied in the case of Special Tax A and the lien is canceled in accordance with law or until collection of the Special Taxes ceases.

**SECTION 6. Exempt Properties.** Pursuant to Section 53340 of the Act, and except as provided in Section 53317.3 of the Act, properties of entities of the state, federal, and local governments shall be exempt from the levy of Special Taxes.

**SECTION 7. Necessity.** The City Council finds that the Facilities, the Special Tax B Services and the Special Tax C (Contingent) Services described in Section 4 hereof are necessary to meet increased demands placed upon the City as a result of new development occurring within the boundaries of proposed CFD No. 2018-2.

**SECTION 8. Repayment of Funds Advanced or Work-in-Kind.** Pursuant to Section 53314.9 of the Act, the City Council 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 City in creating proposed CFD No. 2018-2, 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 City Council.

**SECTION 9. Prohibition of Owner Contracts.** Pursuant to Section 53329.5 of the Act, the City Council finds that the public interest will not be served by allowing the owners of property within proposed CFD No. 2018-2 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 City for the construction for the Facilities pursuant to said Section 53329.5.

**SECTION 10. Hearing.** A public hearing on the formation of proposed CFD No. 2018-2 shall be held at 6:30 p.m. on September 19, 2018 in the City Council Chambers located at 400 South Vicentia Avenue, Corona, California.

**SECTION 11. Notice.** The City Clerk shall publish a notice of the time and place of said hearing as required by Section 53322 of the Act, and may also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within CFD No. 2018-2 as prescribed by Section 53322.4 of said Code. Said notice shall be published at least seven (7) days and mailed at least 15 days before the date of the hearing, and shall contain the information required by said Section 53322.

**SECTION 12. Report.** The officers of the City who will be responsible for providing the proposed Facilities, the Special Tax B Services and the Special Tax C (Contingent) Services to be provided within and financed by proposed CFD No. 2018-2, if it is established, shall study proposed CFD No. 2018-2, and, at or before the time of said hearing, file a report or reports with the City Council containing a brief description of the Facilities, the Special Tax B Services and the Special Tax C (Contingent) Services by type which will in their opinion be required to adequately meet the needs of proposed CFD No. 2018-2 and their estimate of the fair and reasonable cost of providing the Facilities and Special Tax B Services and the related Incidental Expenses to be incurred in connection therewith. All such reports shall be made a part of the record of the hearing to be held pursuant to Section 10 hereof.


**SECTION 13. Description of Voting Procedures.** The voting procedures to be followed shall be pursuant to Section 53326 of the Act and pursuant to the applicable provisions of the California Election Code.

**SECTION 14.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 15th day of August 2018.

  
\_\_\_\_\_  
Mayor of the City of Corona, California

ATTEST:

  
\_\_\_\_\_  
City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 15th day of August 2018, by the following vote:

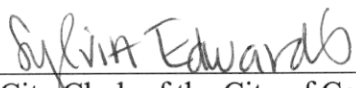
**AYES: FOX, HALEY, MONTANEZ, SCOTT, SPIEGEL**

**NOES: NONE**

**ABSENT: NONE**

**ABSTAINED: NONE**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 15th day of August, 2018.

  
\_\_\_\_\_  
City Clerk of the City of Corona

## **EXHIBIT A**

### **DESCRIPTION OF FACILITIES**

The proposed types of public facilities to be financed by CFD No. 2018-2 include:

The construction, purchase, modification, expansion and/or improvement of certain storm drain facilities, flood control facilities, water and wastewater facilities (including, without limitation, domestic and recycled water facilities, water tank facilities, wells, reservoirs, pipelines, waterlines, storm and sewer drains and related infrastructure and improvements), street lights, traffic signals, sewer facilities and equipment and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the “Facilities”), and to finance the incidental expenses to be incurred.

## **EXHIBIT B**

### **DESCRIPTION OF SPECIAL TAX B SERVICES**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights and traffic signal; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

## **EXHIBIT C**

### **DESCRIPTION OF SPECIAL TAX C (CONTINGENT) SERVICES**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.



## **EXHIBIT D**

### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

Special Taxes (all capitalized terms are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of the Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona ("CFD No. 2018-2"). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor's Parcel, shall be determined by the City Council of the City of Corona, acting in its capacity as the legislative body of CFD No. 2018-2 by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, Public Property and/or Property Owner's Association Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed to the extent and in the manner herein provided.

#### **A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre or Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being 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 the following actual or reasonably estimated costs directly related to the formation, and administration of CFD No. 2018-2 including, but not limited to: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes A to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2018-2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2018-2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with evaluating the Special Tax A effective tax rate prior to the issuance of the first series of Bonds; the costs of the City, CFD No. 2018-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2018-2 for any other administrative purposes of CFD No. 2018-2, including attorney's fees and other

costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax A"** means the Special Tax of that name described in Section D below.

**"Backup Special Tax A"** means the Special Tax of that name described in Section D below.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax A within CFD No. 2018-2 has been pledged.

**"Building Permit"** means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may include any subsequent document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor's Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

**"Building Square Footage" or "BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

**"Calendar Year"** means the period commencing January 1 of any year and ending the following December 31.

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for (i) determining the Special Tax A Requirement, (ii) determining the Special Tax B Requirement, (iii)

determining the Special Tax C (Contingent) Requirement, and (iv) providing for the levy and collection of the Special Taxes.

**"CFD"** or **"CFD No. 2018-2"** means Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona established by the City under the Act.

**"City"** means the City of Corona.

**"City Council"** means the City Council of the City of Corona, acting as the legislative body of CFD No. 2018-2, or its designee.

**"Condominium Plan"** means a condominium plan as set forth in the California Civil Code, Section 1352.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property for which a Building Permit for new construction was issued on or before March 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F.

**"Final Map"** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

**"Fiscal Year"** means the period commencing on July 1<sup>st</sup> of any year and ending the following June 30<sup>th</sup>.

**"Indenture"** means the indenture, fiscal agent 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.

**"Land Use Category"** means any of the categories listed in Table 1 of Section D and Table 2 of Section M.

**"Maximum Special Tax A"** means the maximum Special Tax A, determined in accordance with Section D below that can be levied by CFD No. 2018-2 in any Fiscal Year on any Assessor's Parcel.

**"Maximum Special Tax B"** means the Maximum Special Tax B, as determined in accordance with Section M below that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property within CFD No. 2018-2.

**"Maximum Special Tax C (Contingent)"** means the Maximum Special Tax C (Contingent), as determined in accordance with Section S below that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property within CFD No. 2018-2.

**"Multifamily Property"** means all Assessor's Parcels of Residential Property for which a building permit has been issued or may be issued for purposes of constructing two or more Residential Units that share common walls, including but not limited to duplexes, triplexes, townhomes, condominiums, and apartment units, as determined by the CFD Administrator.

**"Non-Residential Property" or "NR"** means all Assessor's Parcels of Taxable Property for which a building permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax A obligation for an Assessor's Parcel, as described in Section G.

**"Prepayment Amount"** means the amount required to prepay the Special Tax A obligation in full for an Assessor's Parcel, as described in Section G.

**"Property Owner Association" or "POA"** means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

**"Property Owner's Association Property"** means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

**"Proportionately"** means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property, Public Property and Property Owner's Association Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor's Parcels of Undeveloped Property, Public Property and Property Owner's Association Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is the same for all Assessor's Parcels of Undeveloped Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special

Tax C (Contingent) levy per Acre to the Maximum Special Tax C (Contingent) per Acre is the same for all Assessor's Parcels of Undeveloped Property.

**"Provisional Undeveloped Property"** means Public Property or Property Owner's Association Property that is not Exempt Property pursuant to Section F.

**"Public Property"** means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**"Residential Property"** means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

**"Residential Unit"** or **"RU"** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

**"Single Family Residential Property"** means all Assessor's Parcels of Residential Property for which a Building Permit has been or may be issued for purposes of constructing a detached Residential Unit on an Assessor's Parcel. Such Residential Unit does not or will not share a common wall with another Residential Unit, as determined by the CFD Administrator.

**"Special Tax(es)"** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act.

**"Special Tax A"** means any of the special taxes authorized to be levied within CFD No. 2018-2 pursuant to the Act to fund the Special Tax A Requirement.

**"Special Tax A Requirement "** means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax A delinquencies, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2018-2 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

**"Special Tax B"** means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax B Requirement.

**Special Tax B Requirement**” means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2018-2 in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the direct costs for maintenance services including but not limited to (i) maintenance and lighting of parks, parkways, streets, roads and open space, (ii) maintenance and operation of water quality improvements, (iii) public street sweeping, (iv) fund an operating reserve for the costs of Special Tax B Services in the amount not to exceed two times the total Maximum Special Tax B for all Taxable Property for that Fiscal Year, as determined by the CFD Administrator, and (v) Administrative Expenses, less (vi) a credit for funds available to reduce the annual Special Tax B levy, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

**“Special Tax B Services”** means the maintenance and operation of the improvements described in Exhibit “C” attached hereto beginning with the date of City acceptance of each improvement for maintenance purposes.

**“Special Tax C (Contingent)”** means the Special Tax C (Contingent) to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax C (Contingent) Requirement, if required.

**“Special Tax C (Contingent) Requirement”** means that amount required to be collected in any Fiscal Year to: (i) pay the direct costs of Special Tax C (Contingent) Services anticipated to be incurred or otherwise payable by the City in the Calendar Year commencing in such Fiscal Year; and (ii) an allocable share of Administrative Expenses, less (iii) a credit for funds available to reduce the annual Special Tax C (Contingent) levy, as determined by the CFD Administrator.

**“Special Tax C (Contingent) Services”** means the City’s maintenance and operation of the improvements described in Exhibit “D” attached hereto following the POA’s default of its obligation to maintain such improvements, which default shall be deemed to have occurred in each of the circumstances described in Section Q.

**“Taxable Property”** means all Assessor’s Parcels within CFD No. 2018-2, which are not Exempt Property.

**“Taxable Unit”** means either a Residential Unit or an Acre.

**“Tract(s)”** means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

**“Trustee”** means the trustee, fiscal agent, or paying agent under the Indenture.

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

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property, up to the applicable Maximum Special Tax A to fund the Special Tax A Requirement.

## **C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX A**

Each Fiscal Year, beginning with Fiscal Year 2019-2020, each Assessor's Parcel within CFD No. 2018-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property, or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax A rate.

## **D. MAXIMUM SPECIAL TAX A**

### **1. Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A.

The Maximum Special Tax A for each Assessor's Parcel of Non-Residential Property or Multifamily Residential Property shall be the applicable Assigned Special Tax A described in Table 1 of Section D

#### **a. Assigned Special Tax A**

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property, or Non-Residential Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2019-2020 shall be determined pursuant to Table 1 below.



**TABLE 1**  
**ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$4,187.00
2. Single Family Residential Property	RU	2,200 to 2,500	\$4,374.00
3. Single Family Residential Property	RU	2,501 to 2,800	\$4,568.00
4. Single Family Residential Property	RU	2,801 to 3,100	\$4,762.00
5. Single Family Residential Property	RU	3,101 to 3,400	\$4,957.00
6. Single Family Residential Property	RU	3,401 to 3,700	\$5,158.00
7. Single Family Residential Property	RU	Greater than 3,700	\$5,383.00
8. Multifamily Property	Acres	N/A	\$26,299
9. Non-Residential Property	Acres	N/A	\$26,299

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Type. The Maximum Special Tax A levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax A

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$4,964 per Residential Unit. This Backup Special Tax A has been established based on the land use configurations shown on Tentative Tract Map No. 36451, 36451-1, and 36451-2. In the event any portion of Tentative Tract Map No. 36451, 36451-1, and 36451-2 is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$26,299 per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$26,299 per Acre.

The Backup Special Tax A shall not apply to Multifamily Residential Property, Non-Residential Property, Public Property, or Property Owners' Association Property.

**2. Approved Property**

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Single Family Property shall be the Backup Special Tax A computed pursuant to Section D.1.c above.



The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$26,299 per Acre.

**3. Undeveloped Property, Public Property, and Property Owner's Association Property that is not Exempt Property pursuant to the provisions of Section F**

The Maximum Special Tax A for each Assessor's Parcel of Undeveloped Property, Public Property and/or Property Owners Association Property that is not Exempt Property shall be equal to the product of \$26,299 multiplied by the Acreage of such Assessor's Parcel.

**E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property in accordance with the following steps:

- Step One: Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the

payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **F. EXEMPTIONS**

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 49.71 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 49.71 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 49.71 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax A pursuant to Step Five in Section E.

## **G. PREPAYMENT OF SPECIAL TAX A**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$13,600,000 expressed in 2018 dollars, which shall increase by the Construction Inflation Index on July 1, 2019, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2018-2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax A levied under this Rate and Method of Apportionment.

**"Construction Fund"** means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2018-2.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**“Outstanding Bonds”** means all previously issued Bonds secured by the levy of Special Tax A which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax A.

## **1. Prepayment in Full**

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax A obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based

upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.

3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax A at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.

4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

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

12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated

with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax A levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special Tax A lien for the Assessor's Parcel, and the obligation to pay the Special Tax A for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

## **2. Prepayment in Part**

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

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

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section E.

## H. SPECIAL TAX A REDUCTION

The following definitions apply to this Section H:

**"Date of Issuance"** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2018-2.

**"PACE Charges"** means a contractual assessment or special tax as established by a public agency to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

**"Plan Type"** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2018-2 as identified in the Price Point Study.



**"Price Point"** means, with respect to the Residential Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Residential Dwelling Units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**"Price Point Consultant"** means any consultant or firm of such consultants selected by CFD No. 2018-2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Residential Units in community facilities districts, (c) is independent and not under the control of CFD No. 2018-2 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2018-2, (ii) the City, (iii) any owner of real property in CFD No. 2018-2, or (iv) any real property in CFD No. 2018-2, and (e) is not connected with CFD No. 2018-2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2018-2 or the City.

**"Price Point Study"** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2018-2, (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type, (d) sets forth such Price Point Consultant's estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein. The Price Point Study will only include the for-sale Residential Property in CFD No. 2018-2.

**"Total Effective Tax Rate"** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**"Total Tax and Assessment Obligation"** means, with respect to a Plan Type in CFD No. 2018-2, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax A, applicable Special Tax B, Special Tax C (Contingent), if it is being levied in such Fiscal Year, and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding PACE Charges levied on individual Assessor's Parcels) levied or imposed on all Residential Units of such Plan Type in CFD No. 2018-2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had such Residential Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Residential Units in such Plan Type in CFD No. 2018-2. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Building Square Footage, Price Point, and number of constructed and expected Residential Dwelling Units for such Plan Type in CFD 2018-2 as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Category of for-sale Residential Property in CFD No. 2018-2 for evaluating Special Tax A:

Step No.:

1. At least 30 days prior to the expected Date of Issuance of the first series of Bonds, CFD No. 2018-2 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in CFD No. 2018-2.
3. Separately, for each Land Use Category of for-sale Residential Property in CFD No. 2018-2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.95%.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in CFD No. 2018-2 is less than or equal to 1.95%, then there shall be no change in Special Tax A for such Land Use Category in CFD No. 2018-2.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in CFD No. 2018-2 is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in CFD No. 2018-2, which revised Assigned Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.95%.
4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within CFD No. 2018-2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 3.a. and 3.b. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 3.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within CFD No. 2018-2 and converted to a percentage.
5. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit "A" hereto and shall deliver such Certificate of Reduction in Special Tax A to CFD No. 2018-2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax A as



identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax A as calculated pursuant to step 4, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 4.

6. If the Date of Issuance of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2018-2 shall execute the acknowledgement on such Certificate of Reduction in Special Tax A, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Category and the Backup Special Tax A shall be, for all purposes, as set forth in such Certificate of Reduction in Special Tax A. If the Date of Issuance of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Tax A shall not be acknowledged by CFD No. 2018-2 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Date of Issuance of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2018-2 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-2 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2018-2 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2018-2 set forth in such Certificate of Reduction in Special Tax A.

8. If the Assigned Special Tax A is not required to be changed for any Land Use Category based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-2 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit "B" hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

9. CFD No. 2018-2 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-2 on a Certificate of Reduction in Special Tax A pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 8.

## **I. TERMINATION OF SPECIAL TAX A**

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2060-2061 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2018-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2018-2 have been acquired and all reimbursements have been paid pursuant to the Acquisition Agreement, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of CFD No. 2018-2 Special Tax A have been satisfied.

## **J. MANNER OF COLLECTION**

The Special Tax A shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **K. SPECIAL TAX B**

Commencing Fiscal Year 2019-2020 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

## **L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B**

For each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

## **M. MAXIMUM SPECIAL TAX B**

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax B per Residential Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax per Taxable Acre.

## **1. Developed Property**

### **a. Maximum Special Tax B**

The Maximum Special Tax B for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX B  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$788
2. Multifamily Property	Acre	\$3,757
3. Non-Residential Property	Acre	\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

### **b. Multiple Land Use Categories**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

## **2. Approved Property and Undeveloped Property**

The Maximum Special Tax B for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3  
MAXIMUM SPECIAL TAX B RATES**

<b>Maximum Special Tax B Per Acre</b>
\$3,757

On each July 1, commencing on July 1, 2020 the Maximum Special Tax B for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2019-2020 and for each following Fiscal Year, the Council shall determine the Special Tax B Requirement and shall levy the Special Tax B on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax B equals the Special Tax B Requirement. The Special Tax B shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax B shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax B Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax B for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax B Requirement after the first two steps has been completed, the Special Tax B shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax B for Undeveloped Property.

**O. DURATION OF SPECIAL TAX B**

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

**P. MANNER OF COLLECTION**

The Special Tax B shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

#### **Q. SPECIAL TAX C (CONTINGENT)**

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the POA's default of its obligation to maintain the improvements described in Exhibit "D" attached hereto, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;
- (ii) the POA is dissolved;
- (iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or
- (iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, the POA fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

#### **R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)**

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels of Taxable Property within CFD No. 2018-2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Taxes as determined pursuant to Sections S and T below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. Residential Property shall be further classified as Single Family Residential Property or Multi-Family Property. For Single Family Residential Property the number of Residential Units shall be determined by the CFD Administrator.

#### **S. MAXIMUM SPECIAL TAX C (CONTINGENT)**

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Single Family Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Residential Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Approved Property which are classified as Multifamily Property or Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD

Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

**1. Developed Property**

a. Maximum Special Tax C (Contingent)

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2019-2020 is identified in Table 2 below:

**TABLE 2  
MAXIMUM SPECIAL TAX C (CONTINGENT)  
FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	\$19
2. Multifamily Property	Acre	\$88
3. Non-Residential Property	Acre	\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Developed Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

**2. Approved Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2019-2020 is identified in Table 3 below:

**TABLE 3**  
**MAXIMUM SPECIAL TAX C (CONTINGENT)**  
**FOR APPROVED PROPERTY AND UNDEVELOPED PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Acre</b>
\$88

On each July 1, commencing on July 1, 2020 the Maximum Special Tax C (Contingent) for Approved Property and Undeveloped Property shall increase by i) 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 ii) by two percent (2.0%), whichever is greater.

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX**

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax C (Contingent) for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax C (Contingent) Requirement after the first two steps has been completed, the Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax C (Contingent) for Undeveloped Property.

**U. DURATION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

## **V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)**

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2018-2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

## **W. APPEALS OF SPECIAL TAXES**

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2018-2; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2018-2 in the amount of the overpayment.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.



**EXHIBIT “A”**

**CERTIFICATE OF REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax A for Developed Property for [certain or all] Land Use Categories within CFD No. 2018-2 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. Tables 1A below show the Assigned Special Tax A for each Land Use Category in CFD No. 2018-2 after such reduction.

**TABLE 1A  
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 2,200	\$
2. Single Family Residential Property	RU	2,200 to 2,500	\$
3. Single Family Residential Property	RU	2,501 to 2,800	\$
4. Single Family Residential Property	RU	2,801 to 3,100	\$
5. Single Family Residential Property	RU	3,101 to 3,400	\$
6. Single Family Residential Property	RU	3,401 to 3,700	\$
7. Single Family Residential Property	RU	Greater than 3,700	\$
8. Multifamily Property	Acres	N/A	\$

4. The Backup Special Tax A for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown below.

The Backup Special Tax A for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Residential Property shall be \$ \_\_\_\_\_ per unit. This Backup Special Tax A has been established based on the land use configurations shown on Tract Map No. \_\_\_\_\_. In the event any portion of Tract Map No. \_\_\_\_\_ is changed or modified, the Backup Special Tax A for all Assessor's Parcels within such changed or modified area shall be \$ \_\_\_\_\_ per Acre.

In the event any superseding Tract Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax A for all Assessor's Parcels within such Final Map shall be \$ \_\_\_\_\_ per Acre.

5. Upon execution of the Certificate of Reduction of Special Tax A by the City and CFD No. 2018-2 the City shall cause an amended Notice of Special Tax Lien for CFD No. 2018-2 to be recorded reflecting the modifications set forth herein.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2018-2, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2018-2 (Sierra Bella) of the City of Corona

By: \_\_\_\_\_ Date as of: [closing date of Bonds]

**EXHIBIT "B"**

**CERTIFICATE OF NO REDUCTION OF SPECIAL TAX A**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
2. Total Effective Tax Rate for all Plan Types in all Land Use Categories is less than or equal to 1.95%
3. The Maximum Special Tax A for Developed Property within CFD No. 2018-2, including the Assigned Special Tax A set forth in Sections D.1.a. and the Backup Special Tax A set forth in Section D.1.c. of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date as of: [closing date of Bonds]

**EXHIBIT “C”**

**DESCRIPTION OF AUTHORIZED SPECIAL TAX B SERVICES**

**COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA)  
OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax B of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights and traffic signal; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of CFD No. 2018-2; as well as local roads within residential subdivisions located within CFD No. 2018-2; and any portions adjacent to the properties within CFD No. 2018-2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

## **EXHIBIT “D”**

### **DESCRIPTION OF AUTHORIZED SPECIAL TAX C (CONTINGENT) SERVICES**

#### **COMMUNITY FACILITIES DISTRICT NO. 2018-2 (SIERRA BELLA) OF THE CITY OF CORONA**

The services which may be funded with proceeds of Special Tax C (Contingent) of CFD No. 2018-2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and lighting of interior parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; and

(b) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.



SPICER CONSULTING  
GROUP