

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 90-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT DECLARING ITS INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX TO PAY FOR CERTAIN PUBLIC FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT AND TO ESTABLISH AN APPROPRIATIONS LIMIT FOR SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the Board of Directors (the "Board") of the Rancho Murieta Community Services District (the "District") has duly considered the advisability and necessity of establishing a community facilities district in a portion of the District to finance the acquisition and construction of certain public facilities in and for the District under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982" (the "Act"), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California; and

WHEREAS, the Board has determined to institute proceedings for the establishment of such community facilities district, and has determined to set forth the boundaries of the territory in the District which is proposed for inclusion in such community facilities district and to state the public facilities to be financed by such community facilities

district, and has determined that, except where funds are otherwise available, to provide for the levy of a special tax therein to pay for such public facilities, and has determined to set a time and place for a public hearing relating to the establishment of such community facilities district; and

WHEREAS, the Board has determined that it is advisable to establish an appropriations limit, as defined by Article XIII B, Section 8(h) of the Constitution of the State of California, for such community facilities district;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT, AS FOLLOWS:

Section 1. All of the above recitals are true and correct.

Section 2. It is the intention of the Board to and the Board hereby proposes to establish a community facilities district under and pursuant to the terms and provisions of the Act, the boundaries of the territory in the District proposed for inclusion in which community facilities district are more particularly described and shown on that certain map entitled "Map of Boundary, Rancho Murieta Community Services District Community Facilities District No. 1, Sacramento County, California," labeled Exhibit A, attached hereto and incorporated herein and made a part hereof. The Secretary of the Board is hereby authorized and directed to endorse the certificate set forth on such map evidencing the date and

adoption of this resolution and is further authorized and directed to record such map in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

Section 3. The community facilities district proposed to be established shall be known and designated as the "Rancho Murieta Community Services District Community Facilities District No. 1" (the "Community Facilities District").

Section 4. It is the intention of the Board to finance those certain public facilities (the "Facilities") which are listed in Exhibit B, attached hereto and incorporated herein and made a part hereof, for the District which have an estimated useful life of five (5) years or longer by the Community Facilities District pursuant to the Act, and which are public facilities that the District is authorized by law to acquire, construct, own or operate, and accordingly are public facilities which may be financed by the Community Facilities District, and which are necessary to meet increased demands placed on the District as a result of development occurring in the Community Facilities District. The cost of financing the Facilities includes incidental expenses comprising the costs of planning and designing the Facilities, including the costs of environmental evaluations thereof, and all costs associated with the establishment of the Community Facilities District, the issuance of bonds, the

determination of the amount of any taxes or the collection or payment of any taxes, and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the construction, completion and inspection of the Facilities.

Section 5. It is the intention of the Board that, except where funds are otherwise available, a special tax sufficient to pay for the Facilities, secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District, including the payment of interest on and principal of bonds proposed to be issued to finance the Facilities and including the repayment of funds advanced for the Community Facilities District, will be levied annually within the boundaries of the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax (including conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied) reference is made to Exhibit C, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such special tax in sufficient detail to allow each landowner or resident within the Community Facilities District to estimate the maximum amount that such person will have to pay for the Facilities. It is the further intention of the Board to establish an appropriations limit, as defined by Article

XIII B, Section 8(h) of the Constitution of the State of California, for the Community Facilities District.

Section 6. It is the intention of the Board, pursuant to Section 53317.3 of the Government Code of the State of California, to levy the special tax on property that is not otherwise exempt from the special tax and that is acquired by a public entity through a negotiated transaction, or by gift or devise.

Section 7. It is the intention of the Board, pursuant to Section 53317.5 of the Government Code of the State of California, to treat the special tax levied against property that is acquired by a public entity through eminent domain proceedings as if it were a special annual assessment.

Section 8. It is the intention of the Board, pursuant to Section 53340.1 of the Government Code of the State of California, to levy the special tax on the leasehold or possessory interests in property owned by a public agency, which property is otherwise exempt from the special tax.

Section 9. Notice is given that on the 28th day of August, 1990, at the hour of 7:30 o'clock P.M., at the regular meeting place of the Board, 14670 Cantova Way, Rancho Murieta, California 95683, a public hearing will be held by the Board at which the Board shall consider the establishment of the Community Facilities District, the proposed rate, method of apportionment and manner of collection of such special tax, the proposed appropriations limit for the Community Facilities

District and all other matters as set forth in this resolution. At such public hearing any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers for or against the establishment of the Community Facilities District and the levy of such special tax, or the extent of the Community Facilities District, or the furnishing of the Facilities, or the establishment of such appropriations limit, or on any other matters set forth herein, will be heard and considered. Any protests to the foregoing may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made; and the Board may waive any irregularities in the form or content of any written protest and at such public hearing may correct minor defects in such proceedings. All written protests shall be filed with the Secretary of the Board on or before the time fixed for such public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such public hearing. If the Board determines at the conclusion of such public hearing to proceed with the establishment of the Community Facilities District, the proposed voting procedure shall be by landowners voting in accordance with the Act.

Section 10. The Manager of the District is hereby directed and ordered to study the Community Facilities District and, at or before the time of such public hearing, to prepare and file with the Board a report which shall contain a brief description of the Facilities by type which in her opinion are required to adequately meet the needs of the Community Facilities District, and an estimate of the cost for providing the Facilities and an estimate of the incidental expenses related thereto. Such report shall further contain any other material that is related to the Facilities or the Community Facilities District, including a proposed appropriations limit for the Community Facilities District, and shall, upon its presentation, be submitted to the Board for review, and shall be made a part of the record of the public hearing on this resolution to establish the Community Facilities District.

Section 11. In the opinion of the Board, the public interest will not be served by allowing the property owners in the Community Facilities District to enter into a contract pursuant to Section 53329.5(a) of the Act to do work to be financed under the Act.

Section 12. The Secretary of the Board is hereby authorized and directed to file certified copies of this resolution with the Clerk of the Board of Supervisors of the County of Sacramento, which such filing shall constitute notice of the initiation of the within proceedings in

accordance with Section 53315.6 of the Government Code of the State of California.

Section 13. Notice of the time and place of such public hearing shall be given by the Secretary of the Board in the following manner:

(a) A Notice of Public Hearing in the form required by the Act shall be published in The Daily Recorder, a newspaper of general circulation published in the area of the Community Facilities District, which such publication shall be made pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven (7) days prior to the date set for such public hearing; and

(b) A Notice of Public Hearing in the form required by the Act shall be mailed, first class postage prepaid, to each property owner and to each registered voter within the boundaries of the Community Facilities District, which such mailing to such property owners shall be made to such property owners at their addresses as shown on the records of the Sacramento County Treasurer-Tax Collector, and which such mailing to such registered voters shall be made to such registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters, or in either case as otherwise known to the Secretary of the Board, and

which such mailing shall be completed at least fifteen
(15) days prior to the date set for such public hearing.

PASSED AND ADOPTED by the Board of Directors of the
Rancho Murieta Community Services District this 18th day of
July, 1990, by the following vote:

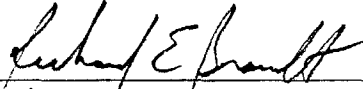
AYES: Directors: Brandt, Twitchell, Huntley, Reese

NOES: None

ABSTAIN: Director Sullivan

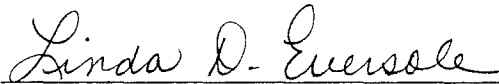
ABSENT: None

APPROVED:

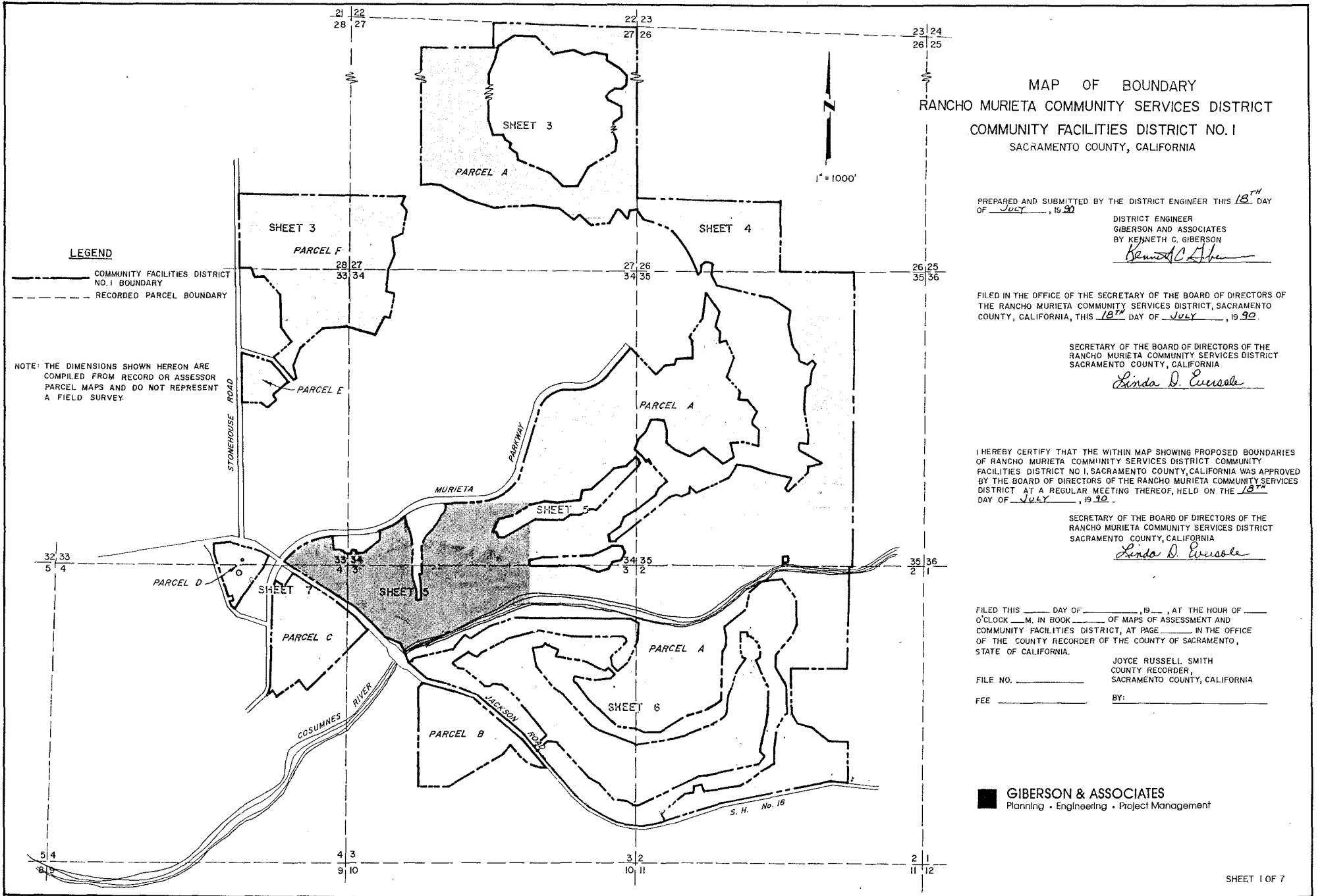


President of the Board of Directors of
the Rancho Murieta Community Services
District

ATTEST:



Secretary of the Board of Directors of
the Rancho Murieta Community Services
District



MAP OF BOUNDARY
 RANCHO MURIETA COMMUNITY SERVICES DISTRICT
 COMMUNITY FACILITIES DISTRICT NO. 1
 SACRAMENTO COUNTY, CALIFORNIA

PREPARED AND SUBMITTED BY THE DISTRICT ENGINEER THIS 18TH DAY OF July, 1990
 DISTRICT ENGINEER
 GIBERSON AND ASSOCIATES
 BY KENNETH C. GIBERSON
Kenneth C. Giberson

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT, SACRAMENTO COUNTY, CALIFORNIA, THIS 18TH DAY OF July, 1990.

SECRETARY OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT SACRAMENTO COUNTY, CALIFORNIA
Linda D. Eversole

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF RANCHO MURIETA COMMUNITY SERVICES DISTRICT COMMUNITY FACILITIES DISTRICT NO. 1, SACRAMENTO COUNTY, CALIFORNIA WAS APPROVED BY THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE 18TH DAY OF July, 1990.

SECRETARY OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT SACRAMENTO COUNTY, CALIFORNIA
Linda D. Eversole

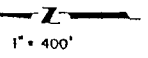
FILED THIS ____ DAY OF _____, 19____, AT THE HOUR OF ____ O'CLOCK ____ M. IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT, AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

FILE NO. _____ JOYCE RUSSELL SMITH
 COUNTY RECORDER,
 SACRAMENTO COUNTY, CALIFORNIA
 FEE _____ BY: _____

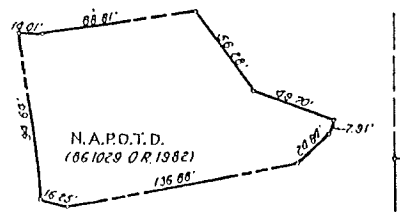
GIBERSON & ASSOCIATES
 Planning • Engineering • Project Management

EXHIBIT A

MAP OF BOUNDARY
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
SACRAMENTO COUNTY, CALIFORNIA

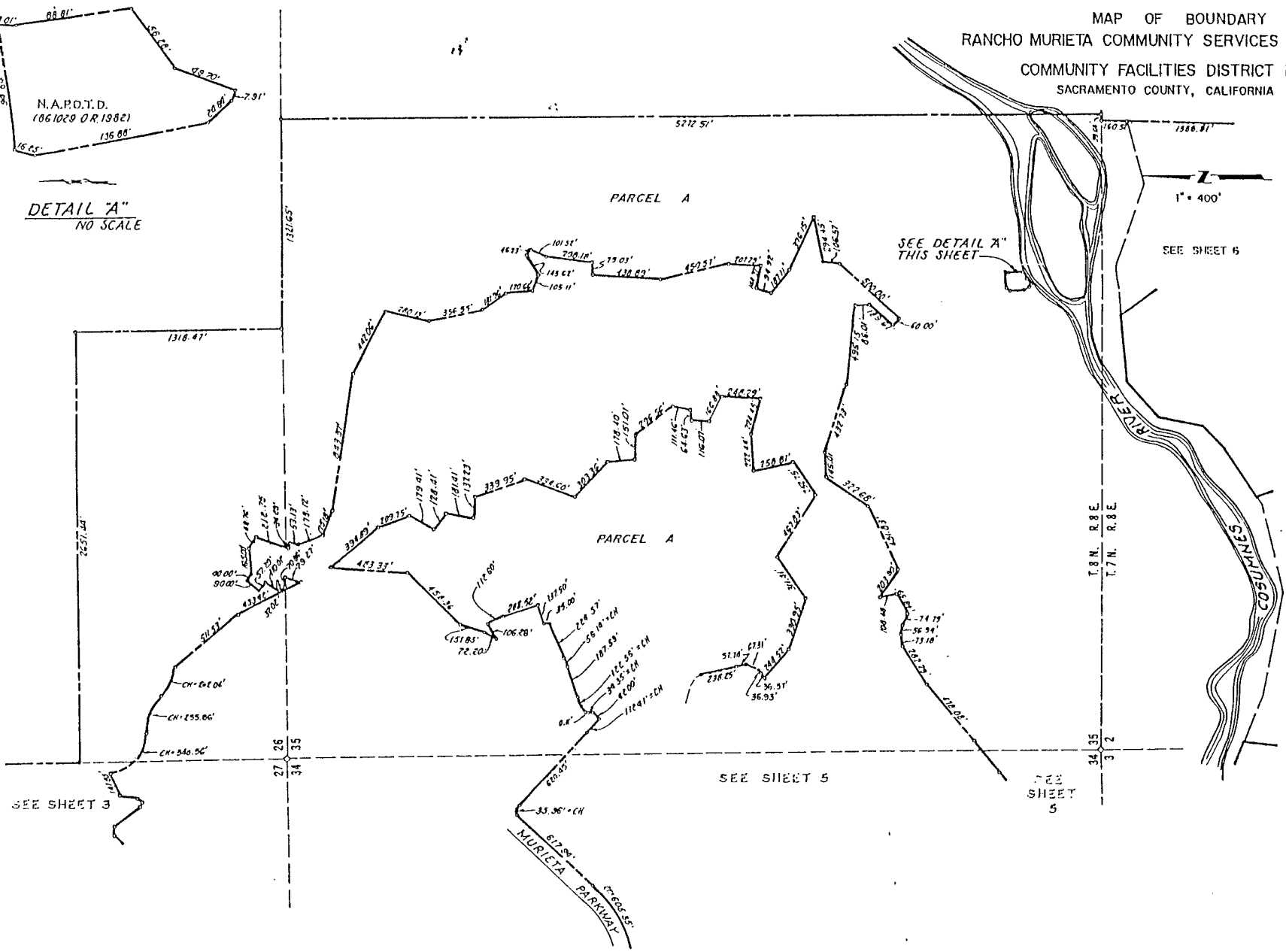


SEE SHEET 6



DETAIL "A"
NO SCALE

SEE DETAIL "A"
THIS SHEET

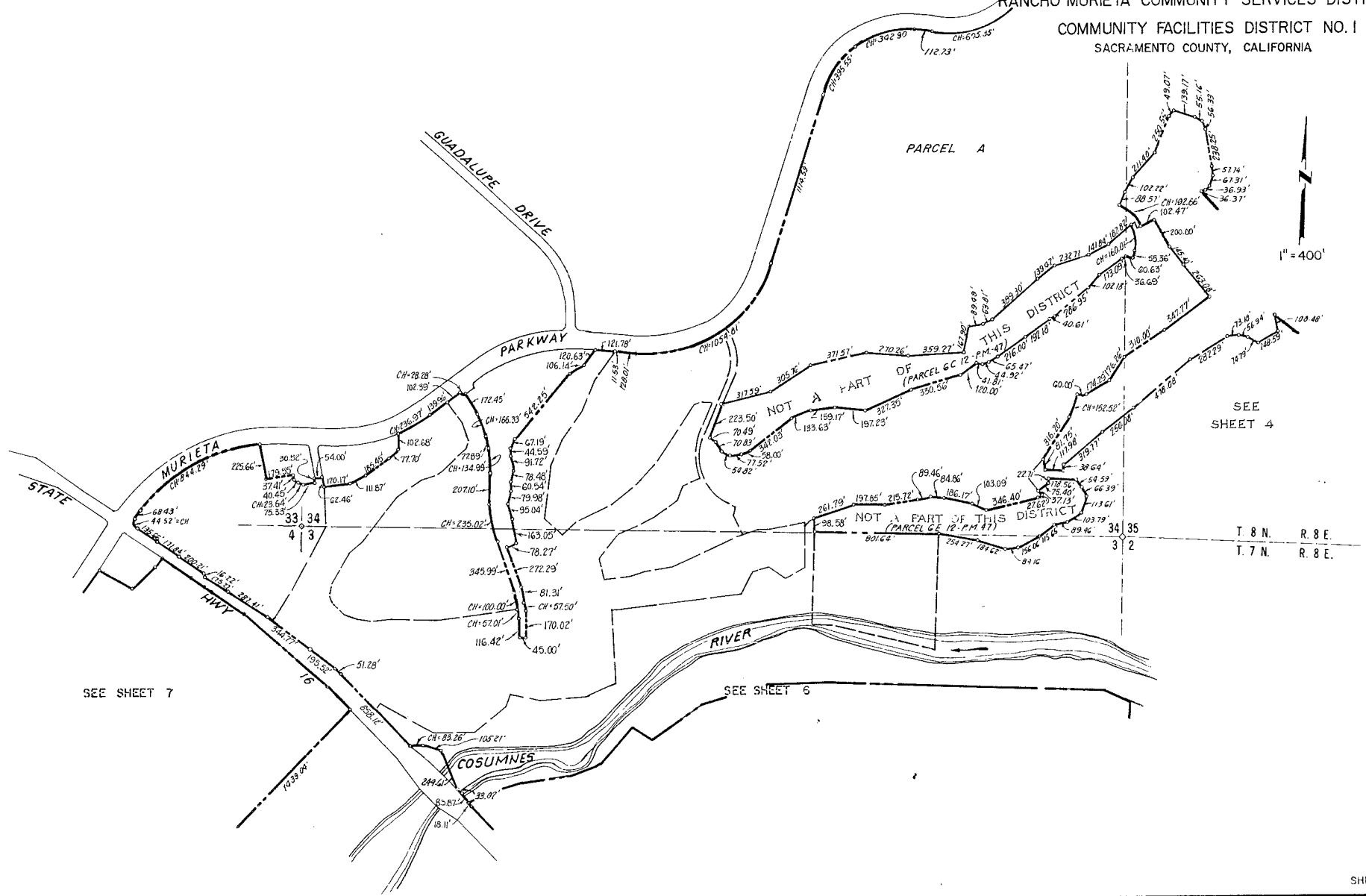


SEE SHEET 3

SEE SHEET 5

SEE SHEET 5

MAP OF BOUNDARY
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
SACRAMENTO COUNTY, CALIFORNIA



MAP OF BOUNDARY
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
COMMUNITY FACILITIES DISTRICT NO. I
SACRAMENTO COUNTY, CALIFORNIA



SEE SHEET 5

NOT A PART OF THIS DISTRICT (LOT 2, 103 PM 16)

NOT A PART OF THIS DISTRICT (LOT 3, 103 PM 16)

PARCEL D

PARCEL C

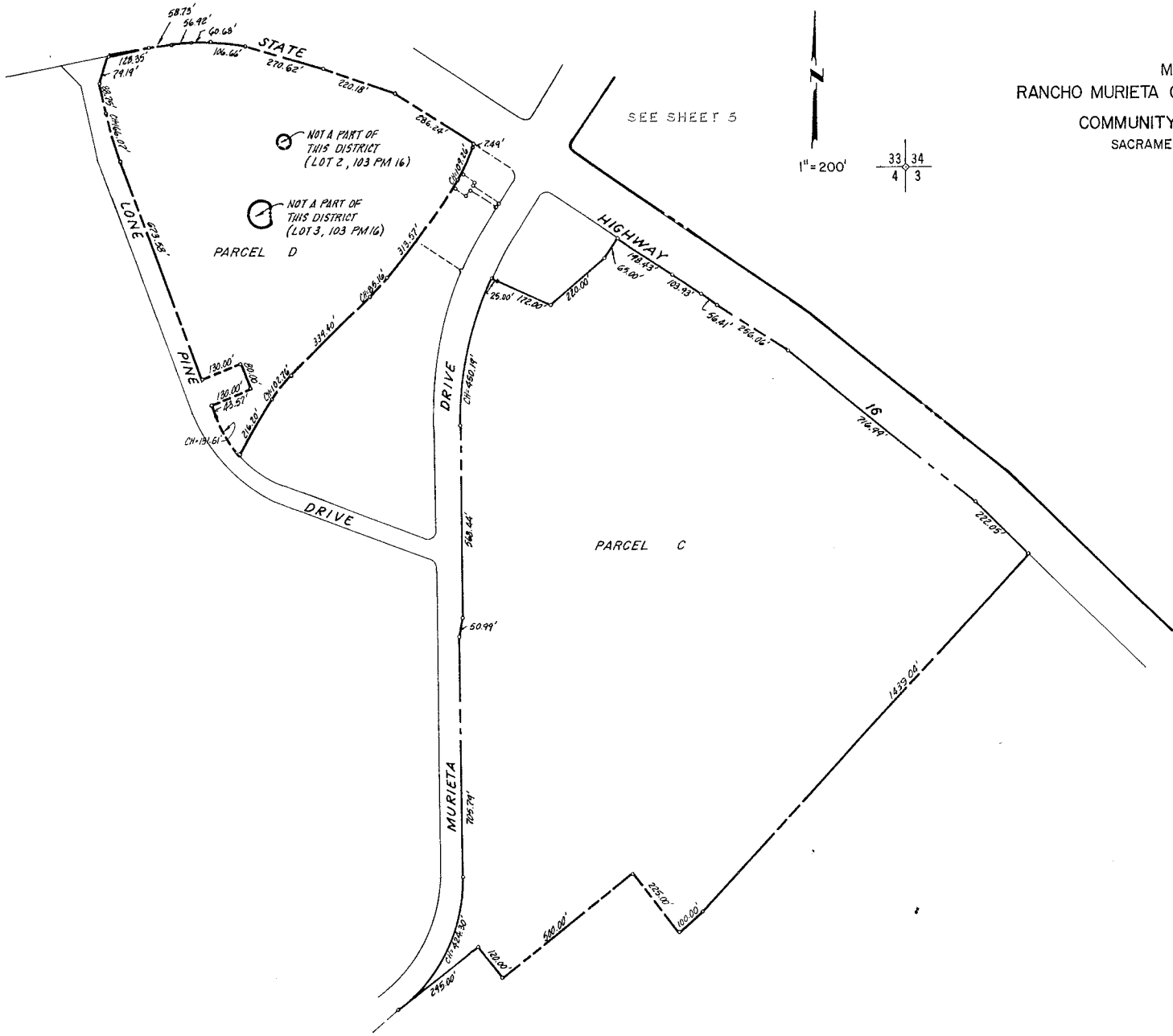


EXHIBIT B

Water supply systems, water transmission pipelines, water storage reservoirs, water treatment plant improvements, public irrigation systems, sewer pump stations and pump station modifications, sewer force mains, wastewater treatment plant improvements, drainage pump stations, bridges and fire suppression equipment, together with necessary appurtenances thereto and equipment therefor.

EXHIBIT C

RANCHO MURIETA COMMUNITY SERVICES DISTRICT Community Facilities District No. 1

RATE & METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in Community Facilities District No. 1 (the "CFD") of the Rancho Murieta Community Services District (the "District") shall be levied and collected according to the tax liability determined by the Finance Officer or his designee through the application of the appropriate amount or rate, as described below. All of the land in the CFD, unless exempted by law or by the provisions of Section II below, shall be taxed for the purposes, to the extent and in the manner herein provided.

I. DEFINITIONS.

For this Rate and Method of Apportionment, the following definitions apply:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the costs incurred by the District to determine, levy and collect the Special Taxes and administer the CFD, including salaries of District employees and the fees of consultants and bond paying and/or fiscal agents or trustees for bonds and the costs of the County of Sacramento to collect installments of the Special Taxes upon the general tax rolls.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 for such Fiscal Year through December 31 of the following Fiscal Year, (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the District issued for the CFD to the level required under the documents pursuant to which such bonds were issued, (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year, less any credit from earnings on the bond reserve fund, and (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD.

"Annual Cost Group" means groups of improvements or costs authorized for funding to which Annual Costs can be assigned. These groups include: Phase I Improvements and Phase II Improvements.

"Board" means the Board of Directors of the Rancho Murieta Community Services District.

"CFD" means Rancho Murieta Community Services District Community Facilities District No. 1.

"District" means the Rancho Murieta Community Services District, County of Sacramento.

"Debt Service" means, for any Fiscal Year, the total amount of principal and interest for bonds issued for the CFD due for the Calendar Year commencing January 1 for such Fiscal Year through December 31 of the following Fiscal Year, less any capitalized interest for such bonds for such Fiscal Year.

"EDU" means one single- or multi-family residential unit or the equivalent single-family units for non-residential land uses.

"Escalation Factor" means a rate of 7.5% to be used to increase Phase II Maximum Special Taxes on an annual basis.

"Finance Officer" means the Finance Officer of the District or his or her designee or a consultant employed by the District to compute the Special Taxes.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Maximum Special Tax" means the greatest amount of Special Tax that may be levied in any Fiscal Year on any Parcel.

"Original Parcel" means a Special Tax Area as shown on Attachment 2. If the Special Tax Area consists of more than one Parcel on the Secured Property Tax Roll at the time of formation of the CFD, the Finance Officer will apportion the Maximum Special Tax to each Parcel as described in Section II.B.

"Original EDU Allocation" means the number of EDUs assigned to the Special Tax Area at the time of formation of the CFD.

"Parcel" means any Sacramento County Assessor's Parcel in the CFD based on the Secured Property Tax Roll of Sacramento County as of March 1 of the prior Fiscal Year.

"Phase I and Phase II Improvements" means the improvements identified in the Engineer's Report to be constructed in Phase I and Phase II of the capital improvement program. A cost allocation has been prepared distributing a share of the costs to the specific Parcels benefiting from the improvements in each phase.

"Phase I Improvements Group" means an Annual Cost Group to which the Annual Costs attributable to the Phase I infrastructure improvements can be assigned.

"Phase II Improvements Group" means an Annual Cost Group to which the Annual Costs attributable to the Phase II infrastructure improvements can be assigned.

"Receiving Parcel" means a Parcel that receives an agreed upon number of additional EDUs and Maximum Special Tax from another parcel within the CFD.

"Resolution of Formation" means the resolution of the Board adopted under the Act to establish the CFD.

"Special Tax(es)" means(s) any tax levy under the Act in the CFD.

"Special Tax Area" means a defined geographical area within CFD No.1 as shown in Attachment 2. The territory included in CFD No. 1 is divided into 20 tax areas. These areas were established by the District Engineer to define areas of benefit.

"Successor Parcel" means a Parcel created by subdivision, lot line adjustment or Parcel map from an Original Parcel. Once created, the Successor Parcel will be treated in the same manner as an Original Parcel in the creation of any additional Successor Parcels from such Successor Parcel.

"Tax Collection Schedule" means the document prepared by the Finance Officer and sent to the County Auditor for use in collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means (i) any Parcel that is publicly owned which is normally exempt from ad valorem taxes under California law, including public streets, parks, drainageways, easements, greenbelts, and open space, or (ii) any Parcel that has prepaid its Special Taxes under Section V hereof. Certain privately-owned Parcels are exempt from the levy of Special Taxes including private roads, common areas, golf courses, cemeteries, and open space.

"Transferring Parcel" means a Parcel that transfers an agreed upon amount of its assigned EDUs and Maximum Special Tax to another Parcel or Parcels within the CFD.

II. Classification Of Parcels And Assignment Of Maximum Speical Tax.

A. Classification. Within 10 days of the beginning of each Fiscal Year, using the Definitions above, the Finance Officer shall cause each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel.

B. Assignment of Maximum Special Tax. Immediately following the classifications of Parcels as described in A above, the Finance Officer shall:

1. For each Original Parcel or Successor Parcel which is a Taxable Parcel, assign as the Maximum Special Tax for such Fiscal Year the Maximum Special Tax for such Parcel as shown on Attachment 1 or the reapportioned amount as a result of the calculations in II.B.2 after adjusting the Special Tax for Phase II Improvements by the Escalation Factor.

2. If an Original Parcel or Successor Parcel was subdivided in the fiscal year, assign as the Maximum Special Tax for for each new Successor Parcel an amount determined as follows:

(a) if the Successor Parcel is a single-family residential Parcel and the actual total EDUs of such Successor Parcel and all other Successor Parcels to a common Original Parcel are:

(i) less than or equal to the Original EDU Assignment for such Original Parcel as shown in Attachment 1, assign as the Maximum Special Tax to such Successor Parcel an amount equal to the product of:

- a percentage, which is the actual EDUs for the particular Successor Parcel divided by the total actual EDUs for all Successor Parcels to the respective Original Parcel;
- times the initial Maximum Special Tax for such Original Parcel as shown on Attachment 1, or

(ii) greater than the Original EDU Assignment for such Original Parcel as shown in Attachment 1, assign as the Maximum Special Tax to such Successor Parcel an amount determined by multiplying the actual EDUs for such Successor Parcel times the Maximum Special Tax assigned to the Parcel divided by the number of EDUs assigned to the Parcel in Attachment 1 for the related Original Parcel unless a transfer of EDUs is possible as described in Section (c) below; or

(b) if the Successor Parcels are other than single-family residential Parcels, assign as the Maximum Special Tax for each such Successor Parcel an amount equal to the product of

(i) the Initial Maximum Special Tax for the related Original Special Tax Area shown in **Attachment 1**; and

(ii) a percentage, which is the square footage of the particular Successor Parcel divided by the total square footage for all Successor Parcels to the respective Original Parcel.

(c) In the event a final subdivision map for a single-family Parcel will decrease the number of EDUs shown listed on **Attachment 1** for the Original Parcel or a Successor Parcel of the Original Parcel which includes the Parcel proposed for subdivision, the landowner of the Parcel (the "Transferring Parcel") may propose to transfer the excess units to another Parcel (the "Receiving Parcel") or Parcels within the CFD. The proposal to transfer such excess units shall require approval by the Board of an amendment to the EDU assignment to transferring Parcel and a reapportionment of EDUs to the receiving Parcel(s).

The proposed transfer must be approved by the Board for such excess units (or a portion of them) **prior to the recordation of the final subdivision map** for the Receiving Parcel. After this approval, the Finance Officer will make the following adjustments to the records for each of the Parcels:

- (i) The number of EDUs and the Maximum Special Tax liability associated with the transferred EDUs to the Receiving Parcel(s) shall be re-assigned to the Receiving Parcel,
- (ii) The number of EDUs and the amount of the Maximum Special Tax liability for the Transferring Parcel shall be reduced by the amount of the Maximum Special Tax assumed by the Receiving Parcel(s) as a result of such transfer.
- (iii) If only a portion of the excess EDUs can be transferred to a Receiving Parcel(s), then the Maximum Special Tax liability associated with the reduced number of EDUs will be reallocated to the remaining EDUs of the transferring Parcel.

III. Escalation Factor

The Maximum Special Tax for Parcels assigned to a Phase II Improvements Group will include an escalation factor. This escalation factor will increase the initial Maximum Special Tax shown in **Attachment 1** at an annual rate of 7.5%. The escalation rate will only apply to the portion of the Maximum Special Tax that is used for the Phase II Improvements Annual Cost Group. Following the issuance of the special tax bonds for the Phase II improvements, the Maximum Special Tax rate for Phase II improvements will cease being increased by the escalation rate in the fiscal year where the Special Tax Revenues produced by the Maximum Special Tax exceeds the Annual Costs by a 10% coverage ratio.

IV. Apportionment, Levy And Collection Of Special Taxes.

A. Immediately following the assignment of the Maximum Special Tax for each Taxable Parcel as provided in subsection B of Section II above, the Finance Officer shall cause the Special Taxes to be apportioned and levied in each Fiscal Year as follows:

1. For Tax-Exempt Parcels, no Special Tax shall be apportioned or levied.
2. For Taxable Parcels, proceed as follows:
 - (i) Compute the Annual Costs for such Fiscal Year.
 - (ii) Allocate the Annual Costs from i) to the Annual Cost Groups based on the percentage of total bond proceeds for all outstanding bonds issued

by the CFD to fund the items defined for each Annual Cost Group as determined from the Official Statement for each bond issue and the percentage of Annual Costs for pay-as-you-go expenditures attributable to each Annual Cost Group. If debt service for a bond issue is not included in the Annual Costs for the Fiscal Year, then the bond proceeds should not be included in the calculation.

- (iii) Calculate the Maximum Special Tax revenue for each Annual Cost Group identified in **Attachment 1**, by adding the Maximum Special Tax for each Parcel subject to the tax for each such Annual Cost Group shown in **Attachment 1**.
 - (iv) For each Annual Cost Group determined in ii), divide the Annual Costs assigned in (ii) by the Maximum Special Tax revenue calculated in iii) above to determine the ratio of Annual Costs to the Maximum Special Tax revenue.
 - (v) For each Parcel, calculate the Special Tax for each Annual Cost Group by multiplying the ratio determined in iv) for such group by the Maximum Special Tax assigned to the Parcel calculated in II.B.3.
 - (vi) Levy on each Taxable Parcel the sum of the Special Taxes calculated for each Annual Cost Group in v).
3. Prepare the Tax Collection Schedule for each Parcel and send it to the Auditor of the County of Sacramento requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall be sent not later than the date required by the Auditor for such inclusion.

B. Collection of the Special Taxes shall be by the County of Sacramento in the same manner as ordinary *ad valorem* property taxes are collected. They shall be subject to the same penalties and the same lien priority in the case of delinquency as *ad valorem* taxes. The Special Taxes shall be collected only so long as required to pay the Annual Costs.

The District shall make every effort to correctly assign the number of EDUs and calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax.

V. Prepayment of Special Tax

A landowner may satisfy the Special Tax obligation on any Parcel in one of the following two ways:

A. Prior to the Bond Sale, a landowner may prepay the facility costs allocated to a Parcel up to 30 days prior to the sale of the first series of Special Tax bonds. The amount of such prepayment would be determined as follows:

- Step 1: Determine the facility cost allocation for a given Parcel as shown in **Attachment 1**.
- Step 2: Add to the facility cost allocation any fees or expenses incurred by the District in connection with the prepayment calculation or the proceeds of the prepayment.
- Step 3: Add to the facility cost allocation a proportional share of the CFD formation costs not associated with the issuance of bonds.

The proceeds of the prepayment shall be used to construct authorized CFD facilities, thereby reducing the total amount of bonds and the Annual Costs.

B. After the sale of Bonds, landowners may permanently satisfy the Special Tax obligation by a cash settlement with the District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The District determines that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent special taxes and penalties prior to prepayment.

The prepayment amount shall be established by the following calculation:

- Step 1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5 above.
- Step 2: Reduce the Maximum Special Tax by the 10 percent delinquency coverage factor and add back the average annual tax delinquency rate for property in the CFD. If no delinquency history has been established for the Special Tax, add back to the annual Special Tax the most recent five-year average annual delinquency rate for secured property taxes in the County as a whole. The Maximum Special Tax may be reduced still further if all bonds of the CFD have been issued and the future debt service, through the maturity of all outstanding bonds, is known with certainty, except that the tax shall not be reduced below the amount determined necessary to pay Annual Costs.

- Step 3: Calculate the revenue produced by the Maximum Special Tax from the date of prepayment up to and including the last maturity date of outstanding bonds based on the tax determined in Step 2. If all bonds of the CFD have not yet been issued, for the purpose of this calculation the final bond issue of the CFD shall be assumed to mature in 2020, except that this assumed final maturity date may be amended by the District no later than the time of the calculation of the prepayment.
- Step 4: Calculate the present value of the annual revenue stream determined in Step 3. The present value shall be calculated using that discount rate which, when the prepayment is invested in approved investments (as specified by the resolution authorizing the issuance of bonds) earning a rate of interest equal to the discount rate, would produce annual revenues equal to the amounts calculated in Step 3. The discount rate may not exceed the bond yield as determined by the Tax Reform Act of 1986, as may be amended.
- Step 5: Determine the prepayment amount by adding to the present value calculated in Step 4 any fees or expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

The proceeds of the prepayment may be applied by the District in its discretion by one of the following methods:

- a) As an annuity over the remaining life of outstanding bonds, for the payment of debt service, annual expenses of the CFD, and anticipated direct expenditures for facilities. The annuity must be handled in such a fashion as not to cause the bonds to become arbitrage bonds under the Tax Reform Act of 1986, as may be amended.
- b) To call bonds as provided for in the resolution authorizing the issuance of bonds by the CFD. If this is the preferred use of the prepayment, the calculation of the prepayment amount as described above in Steps 1-5 shall include an allowance for the payment of redemption premiums and expenses as required.
- c) To be applied in full to the next annual Special Tax levy, provided that by doing so the District's ability to make timely payments of debt service in subsequent years is not jeopardized. This method may be used if the amount of the prepayment is such that its application to methods (a) or (b) would be inefficient or burdensome for the District, as determined by the Finance Officer or designee.
- d) To be applied in full to the acquisition or construction of facilities that otherwise would have been financed with bonds issued by the CFD, so as to reduce the amount of bonds actually issued by the CFD.

VI. Administrative Changes

The Finance Officer or designee has authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer who feels that the amount or formula of the Special Tax is in error may file a notice with the Finance Officer appealing the levy of the Special Tax. The Finance Officer will then promptly review the appeal, and if necessary, meet with the applicant. If the findings of the Finance Officer verify that the tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the Special Tax levy shall be corrected in a manner determined by the Finance Officer.

Interpretations may be made by Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

Attac. nt 1
Base Year Maximum Annual Special Tax and Original EDU Assignment

Special Tax Area	Special Tax Area Number	Original Equivalent Dwelling Units (EDUs)	Original Allocation of Improvement Costs	Maximum Annual Special Tax For Special Tax Area	Maximum Special Tax By Annual Cost Group	
					1 - Phase I Improvements	2 - Phase II Improvements
RM South:						
RBW Phase 1	1A	367	\$2,650,571	\$398,161	\$398,161	\$0
RBW Phase 2	1B	253	\$1,827,233	\$274,482	\$274,482	\$0
Parcel 3	2	61	\$562,359	\$84,476	\$84,476	\$0
Parcel 4	3	219	\$2,018,960	\$303,282	\$303,282	\$0
Parcel 5	4	170	\$1,567,229	\$235,425	\$235,425	\$0
Parcel 6	5	150	\$1,382,849	\$207,727	\$207,727	\$0
Park	6	0	\$0	\$0	\$0	\$0
RMPI:						
Stonehouse School	7	20	\$117,649	\$17,673	\$17,264	\$409
Unit 5 Residential	8	350	\$3,240,090	\$486,716	\$137,106	\$349,610
RM North Residential	11	1,000	\$11,260,643	\$1,691,538	\$637,343	\$1,054,196
Murieta Parkway School	12	20	\$176,692	\$26,542	\$9,560	\$16,982
Calero Residential	9	181	\$2,117,800	\$318,129	\$76,404	\$241,725
Villas TH	13	103	\$755,786	\$113,532	\$40,348	\$73,183
Light Industrial	15	10	\$81,296	\$12,212	\$5,382	\$6,830
Commercial	16	100	\$2,733,843	\$410,669	\$39,173	\$371,496
Lookout Commercial	17	5	\$61,732	\$9,273	\$1,959	\$7,315
Other:						
Unit 6	10	110	\$664,796	\$99,864	\$71,025	\$28,839
Hotel Complex	14	150	\$1,360,233	\$204,330	\$95,399	\$108,931
Geyer Property	18	4	\$107,332	\$16,123	\$2,150	\$13,973
RM Country Club	19	34	\$385,000	\$57,834	\$57,834	\$0
Total		3,307	33,072,090	\$4,967,987	\$2,694,500	\$2,273,488

max_tax_rates

- (1) Component 2 of Maximum Annual Tax is subject to an annual escalation rate of 7.5%.
- (2) If either the Geyer and/or RM Country Club properties are included, provisions have been made in the special tax formula for a reallocation of the costs, a reduction of the special tax for all parcels, and the assignment of the special tax shown for either of these two parcels.

