

# CITY OF BEAUMONT

## CFD Public Hearing Report



COMMUNITY FACILITIES DISTRICT NO. 2023-1  
(FAIRWAY CANYON)

MAY 2023



SPICER CONSULTING  
GROUP

# Table of Contents

---

## **Sections**

1	Introduction	1
2	Description of Facilities	2
3	Cost Estimate	4
4	Proposed Development	6
5	Rate and Method of Apportionment	7
6	Certifications	9

## **Tables**

3-1	Cost Estimate for Facilities – Special Tax A	4
3-1	Cost Estimate for Maintenance Services – Special Tax B	4
3-1	Cost Estimate for Maintenance Services – Special Tax C (Contingent)	5
3-1	Cost Estimate for Public Services – Special Tax D	5

## **Appendices**

A	Rate and Method of Apportionment for Improvement Area 1
B	Rate and Method of Apportionment for Improvement Area 2
C	Proposed Boundary Map
D	Resolution of Intention

## Background

On April 4, 2023, the City Council (the “City Council”) of the City of Beaumont (the “City”), adopted a Resolution of Intention to form Community Facilities District No. 2023-1 (Fairway Canyon) Improvement Areas 1 and 2 of the City of Beaumont (“CFD No. 2023-1” or “District”), Resolution No. 2023-06, 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, (“Act”).

The District is currently comprised of 7 parcels and approximately 111 gross acres to include a total of 419 residential properties at buildout. There are two separate Improvement Areas included within the boundaries of CFD No. 2023-1. Improvement Area 1 includes two separate Tax Zones, Tax Zones 1 (55 Lots) and 2 (77 Lots) inclusive of Tract Maps TR 31462-23 and TR 31462-26 to include a total of 132 proposed detached residential properties at build-out. Improvement Area 2 includes three separate Tax Zones, Tax Zones 1 (111 Lots), 2 (109 Lots), and 3 (67 Lots) inclusive of Tract Maps TR 31462-16, TR 31462-24, TR 31462-25, and TR 31462-20 to include a total of 287 proposed detached residential properties at build-out. The property is located in the northwestern part of the City, west of Cherry Valley Blvd, and north of San Timoteo Canyon Rd.

For a map showing the boundaries of CFD No. 2023-1 please see Appendix C.

## 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. 2023-1;
2. A brief description of the Facilities and Services required at the time of formation to meet the needs of CFD No. 2023-1.
3. A brief description of the Boundaries of CFD No. 2023-1; 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, costs to provide maintenance services, costs associated with public safety services, 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 D.

NOW, THEREFORE, the undersigned, authorized representative of Spicer Consulting Group, LLC, the appointed responsible officer, or person directed to prepare this Report, does hereby submit the following data:

### Types of 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, including all furnishings, equipment and supplies related thereto (collectively, the "Facilities") 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. 2023-1 and financed with the proceeds of special taxes and bonds issued by CFD No. 2023-1 consist of the construction, purchase, modification, rehabilitation, expansion and/or improvement of roadway, bridge, sewer, domestic and reclaimed water, dry utilities, storm drain, curb and gutter, medians, traffic signals and any other facilities permitted pursuant to the Act, parks, trails, police facilities, fire facilities, library facilities, public community facilities, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure including design, engineering and planning costs associated therewith. The Facilities include, but are not limited to:

- PA 21B Park Improvements
- Sorenstam Road Improvement
- Water Facilities of Beaumont Cherry Valley Water District

### Types of Maintenance Services

The types of Maintenance Services that are proposed to be provided by the Community Facilities District and funded with the proceeds of special taxes levied by the Community Facilities District consist of services permitted to be financed under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems. All of the Maintenance Services to be financed must be in addition to those provided within the boundaries of the Community Facilities District before the Community Facilities District is created, and shall not supplant services already available within that territory when the Community Facilities District is created.

### Types of Public Services

The types of Public Services that are proposed to be provided by the Community Facilities District and funded with the proceeds of special taxes levied by the Community Facilities District consist of services permitted to be financed under the Act, including, without limitation, police and fire protection and ambulance and paramedic services. All of the Public Services to be financed must be in addition to those provided within the boundaries of the Community Facilities District before The Community Facilities District is created, and shall not supplant services already available within that territory when the Community Facilities District is created.

### Types of Incidental Expenses

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

- 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.

All costs associated with the creation of CFD No. 2023-1, 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. 2023-1, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2023-1 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. 2023-1.

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. 2023-1 Bonds is estimated to be \$1,990,000 for Improvement Area 1 and \$6,895,000 for Improvement Area 2 based upon current dollars (Fiscal Year 2022-23).
- b) For further particulars please reference Table 3-1 below and incorporated herein by reference.
- c) Pursuant to Section 53340 of the Act, the proceeds of any special tax levied and collected by CFD No. 2023-1 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 District. The incidental expenses associated with the annual administration of CFD No. 2023-1 are estimated to be \$30,000 per Improvement Area in the initial Fiscal Year. 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 for Facilities – Special Tax A**

City Facilities	Total Cost	IA 1 Bond Allocation <sup>(1)</sup>	IA 2 Bond Allocation <sup>(1)</sup>	Total Allocation
Sorenstam Road Improvements	\$2,706,083	\$1,605,900	\$1,100,183	\$2,706,083
PA 21B Park Improvements	\$5,621,764	\$0	\$4,999,342	\$4,999,342
<b>Total City Facilities</b>	<b>\$8,327,847</b>	<b>\$1,605,900</b>	<b>\$6,099,525</b>	<b>\$7,705,425</b>

Beaumont Cherry Valley Water District	Total Cost	IA 1 Bond Allocation <sup>(1)</sup>	IA 2 Bond Allocation <sup>(1)</sup>	Total Allocation
Water Improvements	\$3,365,413	\$0	\$0	\$0
<b>Total BCVWD Fees</b>	<b>\$3,365,413</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Total Eligible Fees/Improvements	\$11,693,260	\$1,605,900	\$6,099,525	\$7,705,425
Incidental Financing Costs		\$384,100	\$795,475	\$1,179,575
<b>Total Funded by Bond Proceeds</b>		<b>\$1,990,000</b>	<b>\$6,895,000</b>	<b>\$8,885,000</b>

<b>Total Funded by Developer</b>	<b>\$3,987,835</b>			
----------------------------------	--------------------	--	--	--

(1) Amounts are allocated based upon estimated bond sizing and may change based upon market conditions at the time of bond issuance. Allocation of bond proceeds between facility types to be determined at the time of bond issuance.

**Table 3-2  
Cost Estimate for Maintenance Services – Special Tax B**

Item	Description	Estimated Cost
1	Streetlighting	\$13,320
2	Street Maintenance	\$60,997
3	Drainage	\$14,650
4	Parks	\$67,040
5	Graffiti	\$1,432
6	Administration	\$15,879
7	Reserves	\$4,589
<b>Total</b>		<b>\$177,907</b>

**Table 3-3**



**Table 3-3**  
**Cost Estimate for Maintenance Services – Special Tax C (Contingent)**

Item	Description	Estimated Cost
1	Sidewalk	\$30,657
2	Drainage	\$59,672
3	Trails	\$96
4	Administration	\$4,656
5	Reserves	\$9,042
<b>Total</b>		<b>\$104,123</b>

**Table 3-4**  
**Cost Estimate for Public Services – Special Tax D**

Item	Description	Estimated Cost
1	Police and Fire Services	\$191,944
2	Administration	\$21,327
<b>Total</b>		<b>\$213,271</b>

The CFD No. 2023-1 includes approximately 111 gross acres to include a total of 419 residential properties at buildout. There are two separate Improvement Areas included within the boundaries of CFD No. 2023-1. Improvement Area 1 includes two separate Tax Zones, Tax Zones 1 (55 Lots) and 2 (77 Lots) inclusive of Tract Maps TR 31462-23 and TR 31462-26 to include a total of 132 proposed detached residential properties at build-out. Improvement Area 2 includes three separate Tax Zones, Tax Zones 1 (111 Lots), 2 (109 Lots), and 3 (67 Lots) inclusive of Tract Maps TR 31462-16, TR 31462-24, TR 31462-25, and TR 31462-20 to include a total of 287 proposed detached residential properties at build-out. The property is located west of Cherry Valley Blvd, and north of San Timoteo Canyon Rd.

As of Fiscal Year 2022-23 the proposed CFD No. 2023-1 includes the following Assessor's Parcel Numbers:

Assessor's Parcel Number
413-790-067
413-790-068
413-790-069
413-790-070
413-790-071
413-790-072
413-790-073

A map showing the boundaries of CFD No. 2023-1 is included in Appendix C.



The Rate and Method of Apportionment allows each property owner within CFD No. 2023-1 Improvement Area 1 and Improvement Area 2 to estimate the annual Special Tax amount that would be required for payment. The Rate and Method of Apportionment of the Special Taxes established pursuant to these proceedings, is attached hereto as Appendix A and Appendix B (the "Rate and Methods"). 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 of CFD No. 2023-1, and provided further that CFD No. 2023-1 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. 2023-1, unless exempted by law or by the Rate and Methods proposed for CFD No. 2023-1, shall be taxed for the purpose of providing necessary facilities and services to serve the District. The Boundary Map for CFD No. 2023-1 is attached hereto as Appendix C. 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 Tax 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 Tax 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 Methods ("Prepayment of Special Tax").

For each year that any Bonds are outstanding the Special Tax A shall be levied on all parcels subject to Special Tax A. If any delinquent Special Tax A remains uncollected prior to or after all Bonds are retired, the Special Tax A may be levied to the extent necessary to reimburse CFD No. 2023-1 for uncollected Special Tax A associated with the levy of such Special Tax A, but the Special Tax A shall not be levied after 2063-64 Fiscal Year.

Special Tax B pays for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%). The Special Tax B shall be levied in perpetuity to fund Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

The City Council may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a "Failure to Perform"):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or

d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in “c.” or “d.” above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%). 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.

Special Tax D pays for certain costs as required to meet the needs of CFD No. 2023-1 for Public Services. The Public Services are the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023-1 and the City. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D include funds for bonds.

On each July 1, commencing July 1, 2024, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%). The Special Tax D shall be levied in perpetuity to fund the Special Tax D Requirement, unless no longer required as determined at the sole discretion of the City Council.

For particulars as to the Rate and Methods for CFD No. 2023-1, see the attached and incorporated in Appendix A and B.

Based on the information provided herein, it is my opinion that the described services herein are those that are necessary to meet increased demands placed upon the City of Beaumont as a result of development occurring within the CFD No. 2023-1 and benefits the lands within said CFD No. 2023-1. 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: May 16, 2023

SPICER CONSULTING GROUP, LLC



SHANE SPICER  
SPECIAL TAX CONSULTANT FOR  
CITY OF BEAUMONT  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA

# APPENDIX A

Rate and Method of Apportionment  
For Improvement Area 1



SPICER CONSULTING  
G R O U P

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR  
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)  
OF THE CITY OF BEAUMONT  
IMPROVEMENT AREA NO. 1**

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 Improvement Area No. 1 ("IA No. 1") of Community Facilities District No. 2023 1 (Fairway Canyon) of the City of Beaumont ("CFD No. 2023 1"). 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 Beaumont, acting in its capacity as the legislative body of CFD No. 2023 1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Dwelling Unit"** means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel with a stand alone Dwelling Unit.

**"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 of Part 1, 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 administration of IA No. 1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the CFD and Improvement Area No.1.

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

**"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.

**"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 Taxes A of IA No. 1 have been pledged.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 1.

**"Building Permit"** means a permit for new construction for a residential dwelling or non residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**"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 application for such Assessor's Parcel, as determined by the CFD Administrator.

**"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 determining the Special Tax A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

**"CFD No. 2023-1" or "CFD"** means City of Beaumont Community Facilities District No. 2023 1 (Fairway Canyon) established by the City under the Act.

**"City"** means the City of Beaumont.

**"City Council"** means the City Council of the City, acting as the legislative body of CFD No. 2023 1, or its designee.

**"Consumer Price Index" or "CPI"** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Items for All Urban Consumers: in the Riverside San Bernardino Ontario area." In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside San Bernardino Ontario area.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**"Dwelling Unit" or "DU"** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory

Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F, as determined by the CFD Administrator.

**"Final Map"** means a subdivision of property evidenced by the 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 the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

**"Final Map Property"** means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending the following June 30.

**"Improvement Area No. 1"** or **"IA No. 1"** means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

**"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.

**"Land Use Category"** means any of the categories listed in the tables included in Table 1 and Table 2 of Section D, Table 4 of Section M, Table 6 of Section S, and Table 8 of Section Y.

**"Lot"** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**"Maintenance Services"** means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023 1 and the City.

**"Maintenance Services (Contingent)"** means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023 1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

**"Maximum Special Tax"** means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

**"Maximum Special Tax A"** means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 1 of CFD No. 2023 1.

**"Maximum Special Tax B"** means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 1 of CFD No. 2023 1.

**"Maximum Special Tax C (Contingent)"** means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 1 of CFD No. 2023 1 following the Fiscal Year in which

there is a Failure to Perform as defined in Section Q hereof. The Maximum Special Tax C (Contingent), if levied, will be levied on all Assessor's Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

**"Maximum Special Tax D"** means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 1 of CFD No. 2023 1.

**"Minimum Taxable Acreage"** means the smallest allowable amount of Acreage of Taxable Property. For IA No. 1 of CFD No. 2023 1, it shall not be less than shown in Table 3 of Section F.

**"Non-Residential Property"** means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non residential use, as determined by the CFD Administrator.

**"Operating Fund for Maintenance Services"** means a fund that shall be maintained for IA No. 1 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

**"Operating Fund for Maintenance Services (Contingent)"** means a fund that shall be maintained for IA No. 1 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

**"Operating Fund for Public Services"** means a fund that shall be maintained for IA No. 1 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

**"Operating Fund Balance"** means the amount of funds in the applicable operating fund at the end of the preceding Fiscal Year.

**"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 H.

**"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"** means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 1 of CFD No. 2023 1.

**"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 the 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) Final Map 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 Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped 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 and Provisional Undeveloped 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, including Developed Property with



attached Dwelling Units and (ii) Final Map 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 Final Map 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor's Parcels of Developed Property, including Developed Property with attached Dwelling Units.

**"Provisional Undeveloped Property"** means Public Property or Property Owner 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.

**"Public Services"** means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023 1 and the City.

**"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 dwelling units, as determined by the CFD Administrator.

**"Special Tax(es)"** means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

**"Special Tax A"** means any of the Special Taxes authorized to be levied within IA No. 1 of CFD No. 2023 1 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) Administrative Expenses applicable to the Special Tax A, (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) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 1 of CFD No. 2023 1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

**"Special Tax B"** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**"Special Tax B Requirement"** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

**"Special Tax C (Contingent)"** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor's Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**"Special Tax C (Contingent) Requirement"** means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor's Parcels in addition to, and not in lieu of, the Special Tax B Requirement.

**"Special Tax D"** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**"Special Tax D Requirement"** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

**"Taxable Property"** means all Assessor's Parcels within IA No. 1 of CFD No. 2023 1, which are not Exempt Property, as determined by the CFD Administrator.

**"Taxable Unit"** means either a Dwelling Unit or an Acre.

**"Trustee"** means the firm that holds and administers assets on behalf of IA No. 1 of CFD No. 2023 1 under and pursuant to the Indenture.

**"Undeveloped Property"** means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

**"Zone(s)"** means Zone 1 or 2 as geographically identified on the Boundary Map.

**"Zone 1"** means the specific geographic area depicted as Improvement Area No. 1, Zone 1 on the Boundary Map.

**"Zone 2"** means the specific geographic area depicted as Improvement Area No. 1, Zone 2 on the Boundary Map.

**B. SPECIAL TAX A**

Commencing Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

**C. CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2023 2024, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor’s Parcel.

**D. MAXIMUM SPECIAL TAX A**

**1. Developed Property**

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax A in Tables 1 and 2 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A for each Assessor’s Parcel of Non Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax A in the tables below.

a. Assigned Special Tax A

Each Fiscal Year, beginning with Fiscal Year 2023 2024, each Assessor’s Parcel of Developed 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 any Fiscal Year shall be determined pursuant to Tables 1 and 2 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,100	\$1,328
2. Residential Property	DU	2,100 – 2,400	\$1,376
3. Residential Property	DU	Greater than 2,400	\$1,414
4. Non Residential Property	Acre	N/A	\$8,204

**TABLE 2  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 1,600	\$1,106
2. Residential Property	DU	1,600 – 1,800	\$1,215
3. Residential Property	DU	1,801 – 2,000	\$1,325
4. Residential Property	DU	Greater than 2,000	\$1,414
5. Non Residential Property	Acre	N/A	\$8,456

b. Backup Special Tax A

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor’s Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non Residential Property, Public Property and/or Property Owners’ Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor’s Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor’s Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non Residential Property, Public Property, Property Owners’ Association Property, or Provisional Undeveloped Property.

**2. Final Map Property**

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Non Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor’s Parcel is located:

1. Zone 1 rate per Acre \$8,204
2. Zone 2 rate per Acre \$8,456

**3. Undeveloped Property and/or Provisional Undeveloped Property**

The Maximum Special Tax A for each Assessor’s Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor’s Parcel is located:

- 1. Zone 1 rate per Acre \$8,204
- 2. Zone 2 rate per Acre \$8,456

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

- 1. Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The 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 the tables included in Section D as needed 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 Final Map 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 Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Undeveloped 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 Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor’s Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the 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, 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.

Under no circumstances will Special Tax A be levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023 1.

**F. EXEMPTIONS**

The City shall classify as Exempt Property, in the following 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 total Acreage of all Taxable Property to less than the amounts shown in Table 3 below.

**TABLE 3  
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	9.20
2	11.69

Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 3 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 3 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax 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 \$2,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023 1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes 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 IA No. 1 of CFD No. 2023 1.

**“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 available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued Bonds issued and secured by the levy of Special Taxes 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 Taxes A.

The Special Tax A obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor's Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax A obligation shall provide the City with written notice of intent to prepay, and within five (5) days of receipt of such notice, the City shall notify such owner of the amount of the non refundable deposit determined to cover the cost to be incurred by IA No. 1 of CFD No. 2023 1 in calculating the proper Prepayment Amount. Within fifteen (15) days of receipt of such non refundable deposit, the City shall notify such owner of the Prepayment Amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
<b>equals</b>	<b>Prepayment Amount</b>

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

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax A and the Backup Special Tax A applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".

4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 1 of CFD No. 2023 1 that there has been a prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes A shall cease.



Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **H. PARTIAL PREPAYMENT OF SPECIAL TAX A**

The Special Tax A obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

$P_H$  = the Prepayment Amount calculated according to Section G.

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

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 1 of CFD No. 2023 1 that there has been a partial prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **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 2063 2064 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 IA No. 1 Bonds have been paid; (ii) all authorized facilities of IA No. 1 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 1, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 1 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 IA No. 1 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 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, 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 IA No. 1 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non Residential Property. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

**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 Residential Property all such Assessor's Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Final Map Property which are classified as 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 B per 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 2023 2024 is identified in Table 4 below:

**TABLE 4  
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax B Per Taxable Unit</b>
1. Residential Property	DU	\$425
2. Non Residential Property	Acre	\$2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**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. Final Map Property**

The Maximum Special Tax B for each Assessor's Parcel of Final Map Property for Fiscal Year 2023 2024 is identified in Table 5 below:

**TABLE 5  
MAXIMUM SPECIAL TAX B RATES  
FOR FINAL MAP PROPERTY**

<b>Maximum Special Tax B Per Assessor's Parcel</b>
\$425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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

Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed 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

Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

**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 IA No. 1 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 may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a **"Failure to Perform"**):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in "c." or "d." above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**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 classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor’s Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

**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 Residential Property, all such Assessor’s Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling 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 Final Map Property which are classified as 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 2023 2024 is identified in Table 6 below for all Zones:

**TABLE 6  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax C (Contingent) Per Taxable Unit</b>
1. Residential Property	DU	\$249
2. Non Residential Property	Acre	\$1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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. Final Map Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Final Map Property for Fiscal Year 2023 2024 is identified in Table 7 below:

**TABLE 7  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR  
FINAL MAP PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Assessor's Parcel</b>
\$249

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)**

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 at 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 Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map 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 IA No. 1 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

**W. SPECIAL TAX D**

Commencing Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

**X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX D**

For each Fiscal Year, all Assessor’s Parcels of Taxable Property within IA No. 1 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.

**Y. MAXIMUM SPECIAL TAX D**

**1. Developed Property**

**a. Maximum Special Tax D**

The Maximum Special Tax D for each Assessor’s Parcel of Residential Property for Fiscal Year 2023 2024 is identified in Table 8 below:

**TABLE 8  
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax B Per Taxable Unit</b>
1. Residential Property	DU	\$509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

## **Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D**

Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

Step One: The Special Tax D shall be levied Proportionately on each Assessor's Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

## **AA. DURATION OF SPECIAL TAX D**

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

## **BB. MANNER OF COLLECTION**

The Special Tax D shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 1 may collect the Special Tax D at a different time or in a different manner if necessary to meet its funding requirements.

## **CC. APPEALS**

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 available funds of IA No. 1 of CFD No. 2023 1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within IA No. 1 of CFD No. 2023 1 in the amount of the overpayment.

## **DD. INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.



# APPENDIX B

Rate and Method of Apportionment  
For Improvement Area 2



SPICER CONSULTING  
G R O U P

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR  
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)  
OF THE CITY OF BEAUMONT  
IMPROVEMENT AREA NO. 2**

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 Improvement Area No. 2 ("IA No. 2") of Community Facilities District No. 2023 1 (Fairway Canyon) of the City of Beaumont ("CFD No. 2023 1"). 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 Beaumont, acting in its capacity as the legislative body of CFD No. 2023 1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Dwelling Unit"** means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel with a stand alone Dwelling Unit.

**"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 of Part 1, 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 administration of IA No. 2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the CFD and Improvement Area No.1.

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

**"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.

**"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 Taxes A of IA No. 2 have been pledged.

**"Boundary Map"** means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 2.

**"Building Permit"** means a permit for new construction for a residential dwelling or non residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**"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 application for such Assessor's Parcel, as determined by the CFD Administrator.

**"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 determining the Special Tax A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

**"CFD No. 2023-1" or "CFD"** means City of Beaumont Community Facilities District No. 2023 1 (Fairway Canyon) established by the City under the Act.

**"City"** means the City of Beaumont.

**"City Council"** means the City Council of the City, acting as the legislative body of CFD No. 2023 1, or its designee.

**"Consumer Price Index" or "CPI"** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Items for All Urban Consumers: in the Riverside San Bernardino Ontario area." In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside San Bernardino Ontario area.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**"Dwelling Unit" or "DU"** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory

Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F, as determined by the CFD Administrator.

**"Final Map"** means a subdivision of property evidenced by the 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 the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

**"Final Map Property"** means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending the following June 30.

**"Improvement Area No. 2" or "IA No. 2"** means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

**"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.

**"Land Use Category"** means any of the categories listed in the tables included in Table 1, Table 2, and Table 3 of Section D, Table 5 of Section M, Table 7 of Section S, and Table 9 of Section Y.

**"Lot"** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**"Maintenance Services"** means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023 1 and the City.

**"Maintenance Services (Contingent)"** means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023 1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

**"Maximum Special Tax"** means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

**"Maximum Special Tax A"** means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 2 of CFD No. 2023 1.

**"Maximum Special Tax B"** means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 2 of CFD No. 2023 1.

**"Maximum Special Tax C (Contingent)"** means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 2 of CFD No. 2023 1 following the Fiscal Year in which

there is a Failure to Perform as defined in Section Q hereof. The Maximum Special Tax C (Contingent), if levied, will be levied on all Assessor's Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

**"Maximum Special Tax D"** means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 2 of CFD No. 2023 1.

**"Minimum Taxable Acreage"** means the smallest allowable amount of Acreage of Taxable Property. For IA No. 2 of CFD No. 2023 1, it shall not be less than shown in Table 4 of Section F.

**"Non-Residential Property"** means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non residential use, as determined by the CFD Administrator.

**"Operating Fund for Maintenance Services"** means a fund that shall be maintained for IA No. 2 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

**"Operating Fund for Maintenance Services (Contingent)"** means a fund that shall be maintained for IA No. 2 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

**"Operating Fund for Public Services"** means a fund that shall be maintained for IA No. 2 of CFD No. 2023 1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

**"Operating Fund Balance"** means the amount of funds in the applicable operating fund at the end of the preceding Fiscal Year.

**"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 H.

**"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"** means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 2 of CFD No. 2023 1.

**"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 the 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) Final Map 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 Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped 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 and Provisional Undeveloped 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, including Developed Property with

attached Dwelling Units and (ii) Final Map 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 Final Map 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor's Parcels of Developed Property, including Developed Property with attached Dwelling Units.

**"Provisional Undeveloped Property"** means Public Property or Property Owner 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.

**"Public Services"** means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023 1 and the City.

**"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 dwelling units, as determined by the CFD Administrator.

**"Special Tax(es)"** means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

**"Special Tax A"** means any of the Special Taxes authorized to be levied within IA No. 2 of CFD No. 2023 1 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) Administrative Expenses applicable to the Special Tax A, (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) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 2 of CFD No. 2023 1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

**"Special Tax B"** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**"Special Tax B Requirement"** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

**"Special Tax C (Contingent)"** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor's Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**"Special Tax C (Contingent) Requirement"** means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor's Parcels in addition to, and not in lieu of, the Special Tax B Requirement.

**"Special Tax D"** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023 1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**"Special Tax D Requirement"** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023 1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

**"Taxable Property"** means all Assessor's Parcels within IA No. 2 of CFD No. 2023 1, which are not Exempt Property, as determined by the CFD Administrator.

**"Taxable Unit"** means either a Dwelling Unit or an Acre.

**"Trustee"** means the firm that holds and administers assets on behalf of IA No. 2 of CFD No. 2023 1 under and pursuant to the Indenture.

**"Undeveloped Property"** means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

**"Zone(s)"** means Zone 1, 2, or 3 as geographically identified on the Boundary Map.

**"Zone 1"** means the specific geographic area depicted as Improvement Area No. 2, Zone 1 on the Boundary Map.

**"Zone 2"** means the specific geographic area depicted as Improvement Area No. 2, Zone 2 on the Boundary Map.

"Zone 3" means the specific geographic area depicted as Improvement Area No. 2, Zone 3 on the Boundary Map.

**B. SPECIAL TAX A**

Commencing Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

**C. CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2023 2024, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor’s Parcel.

**D. MAXIMUM SPECIAL TAX A**

**1. Developed Property**

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax A in Tables 1, 2, and 3 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A for each Assessor’s Parcel of Non Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax A in the tables below.

a. Assigned Special Tax A

Each Fiscal Year, beginning with Fiscal Year 2023 2024, each Assessor’s Parcel of Developed 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 any Fiscal Year shall be determined pursuant to Tables 1, 2, and 3 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 1,900	\$1,481
2. Residential Property	DU	1,900 – 2,100	\$1,574
3. Residential Property	DU	2,101 – 2,300	\$1,609
4. Residential Property	DU	2,301 – 2,500	\$1,732
5. Residential Property	DU	2,501 – 2,700	\$1,809
6. Residential Property	DU	2,701 – 2,900	\$1,895
7. Residential Property	DU	Greater than 2,900	\$1,954
8. Non Residential Property	Acre	N/A	\$12,985



**TABLE 2  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,200	\$1,736
2. Residential Property	DU	2,200 – 2,500	\$1,837
3. Residential Property	DU	2,501 – 2,800	\$1,938
4. Residential Property	DU	2,801 – 3,100	\$1,969
5. Residential Property	DU	Greater than 3,100	\$2,067
6. Non Residential Property	Acre	N/A	\$12,615

**TABLE 3  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 3**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,600	\$1,884
2. Residential Property	DU	2,600 – 2,850	\$1,960
3. Residential Property	DU	2,851 – 3,100	\$2,061
4. Residential Property	DU	Greater than 3,100	\$2,135
5. Non Residential Property	Acre	N/A	\$12,276

b. Backup Special Tax A

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor’s Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non Residential Property, Public Property and/or Property Owners’ Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor’s Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor’s Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non Residential Property, Public Property, Property Owners’ Association Property, or Provisional Undeveloped Property.

**2. Final Map Property**

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Non Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

- 1. Zone 1 rate per Acre \$12,985
- 2. Zone 2 rate per Acre \$12,615
- 3. Zone 3 rate per Acre \$12,276

**3. Undeveloped Property and/or Provisional Undeveloped Property**

The Maximum Special Tax A for each Assessor’s Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

- 1. Zone 1 rate per Acre \$12,985
- 2. Zone 2 rate per Acre \$12,615
- 3. Zone 3 rate per Acre \$12,276

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

- 1. Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The 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 the tables included in Section D as needed 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 Final Map 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 Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Undeveloped 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 Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the 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, 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.

Under no circumstances will Special Tax A be levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023 1.

**F. EXEMPTIONS**

The City shall classify as Exempt Property, in the following 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 total Acreage of all Taxable Property to less than the amounts shown in Table 4 below.

**TABLE 4  
MINIMUM TAXABLE ACRES**

<b>Tax Zone</b>	<b>Acres</b>
1	14.83
2	16.34
3	10.96

Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax 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 \$7,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023 1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes 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 IA No. 2 of CFD No. 2023 1.

**“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 available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued Bonds issued and secured by the levy of Special Taxes 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 Taxes A.

The Special Tax A obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor's Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax A obligation shall provide the City with written notice of intent to prepay, and within five (5) days of receipt of such notice, the City shall notify such owner of the amount of the non refundable deposit determined to cover the cost to be incurred by IA No. 2 of CFD No. 2023 1 in calculating the proper Prepayment Amount. Within fifteen (15) days of receipt of such non refundable deposit, the City shall notify such owner of the Prepayment Amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
<b>equals</b>	<b>Prepayment Amount</b>

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

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax A and the Backup Special Tax A applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special

Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of

the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

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

With respect to a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 2 of CFD No. 2023 1 that there has been a prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **H. PARTIAL PREPAYMENT OF SPECIAL TAX A**

The Special Tax A obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

$P_H$  = the Prepayment Amount calculated according to Section G.

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

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 2 of CFD No. 2023 1 that there has been a partial prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## **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 2063 2064 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 IA No. 2 Bonds have been paid; (ii) all authorized facilities of IA No. 2 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 2, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 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 IA No. 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 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, 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 IA No. 2 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property with attached Dwelling Units, shall be classified as either Residential Property or Non Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

## **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 Residential Property all such Assessor's Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Final Map Property which are classified as 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 B per 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 2023 2024 is identified in Table 5 below:

**TABLE 5  
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax B Per Assessor’s Parcel</b>
1. Residential Property	DU	\$425
2. Non Residential Property	Acre	\$2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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. Final Map Property**

The Maximum Special Tax B for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023 2024 is identified in Table 6 below:

**TABLE 6  
MAXIMUM SPECIAL TAX B RATES  
FOR FINAL MAP PROPERTY**

<b>Maximum Special Tax B Per Assessor’s Parcel</b>
\$425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).



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

Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

- Step One: The Special Tax B shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed 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 Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax B Requirement.

**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 IA No. 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 may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a “**Failure to Perform**”):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association’s requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County

maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in “c.” or “d.” above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**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 classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor’s Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

**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 Residential Property, all such Assessor’s Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor’s Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling 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 Final Map Property which are classified as 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 2023 2024 is identified in Table 7 below for all Zones:

**TABLE 7  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax C (Contingent) Per Taxable Unit
1. Residential Property	DU	\$249
2. Non Residential Property	Acre	\$1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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. Final Map Property**

The Maximum Special Tax C (Contingent) for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023 2024 is identified in Table 8 below:

**TABLE 8  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR  
FINAL MAP PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Assessor’s Parcel</b>
\$249

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)**

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 at 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 Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map 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 IA No. 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. SPECIAL TAX D**

Commencing Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

**X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX D**

For each Fiscal Year, all Assessor’s Parcels of Taxable Property within IA No. 2 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.

**Y. MAXIMUM SPECIAL TAX D**

**1. Developed Property**

**a. Maximum Special Tax D**

The Maximum Special Tax D for each Assessor’s Parcel of Residential Property for Fiscal Year 2023 2024 is identified in Table 9 below:

**TABLE 9  
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

**Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D**

Commencing with Fiscal Year 2023 2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

Step One: The Special Tax D shall be levied Proportionately on each Assessor’s Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

**AA. DURATION OF SPECIAL TAX D**

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

**BB. MANNER OF COLLECTION**

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

**CC. APPEALS**

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 available funds of IA No. 2 of CFD No. 2023 1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer’s property within IA No. 2 of CFD No. 2023 1 in the amount of the overpayment.

**DD. INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

# APPENDIX C

Proposed Boundary Map



SPICER CONSULTING  
G R O U P

COPY

90/98

# PROPOSED BOUNDARY MAP COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON) CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON), CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF BEAUMONT AT A REGULAR MEETING THEREOF, HELD ON 4<sup>th</sup> DAY OF April, 2023, BY RESOLUTION NO. 2023-06

Emergan  
CITY CLERK  
CITY OF BEAUMONT

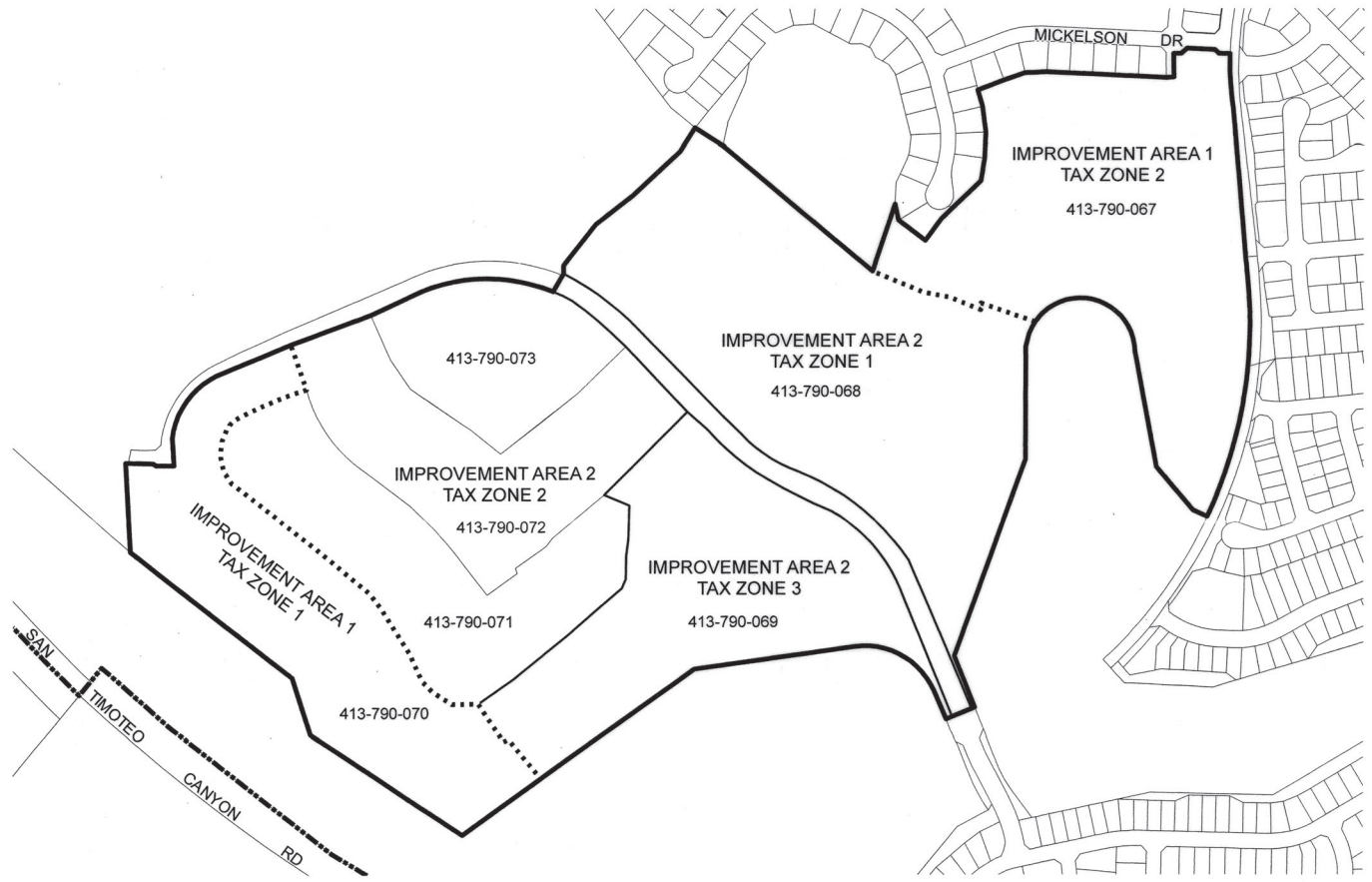
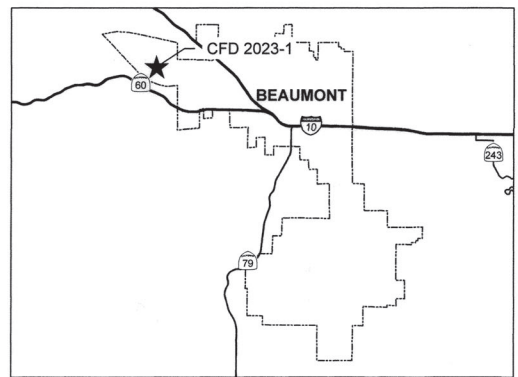
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF BEAUMONT, THIS 4<sup>th</sup> DAY OF April, 2023.

Emergan  
CITY CLERK  
CITY OF BEAUMONT

RECORDED THIS 10<sup>th</sup> DAY OF APRIL, 2023 AT THE HOUR OF 3:01 O'CLOCK P.M. IN BOOK 90 PAGE 98 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

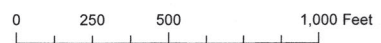
FEE: \$9.00 NO.: 2023-0099D116  
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: Ethel J. King  
DEPUTY  
DEPUTY



### LEGEND

- CFD BOUNDARY
- PARCEL LINE
- - - - - IMPROVEMENT AREA BOUNDARY
- CITY BOUNDARY
- TAX ZONE BOUNDARY
- XXX-XXX-XXX ASSESSOR 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 2022-23.



# APPENDIX D

## Resolution of Intention



SPICER CONSULTING  
GROUP

**RESOLUTION NO. 2023-06**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT, CALIFORNIA, DECLARING ITS INTENTION TO ESTABLISH CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON) AND IMPROVEMENT AREAS THEREIN, TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COST OF ACQUIRING OR CONSTRUCTING CERTAIN PUBLIC FACILITIES AND PROVIDING CERTAIN PUBLIC SERVICES, AND PAYING FOR CERTAIN INCIDENTAL EXPENSES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS**

**WHEREAS**, the City of Beaumont (the “City”) has received petitions (the “Formation Petitions”) from at least 10% of the owners of the territory described in Exhibit A attached hereto (the “Property”), requesting to establish City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) (the “Community Facilities District”) and Improvement Area No. 1 (“Improvement Area No. 1”) and Improvement Area No. 2 (“Improvement Area No. 2” and together with Improvement Area No. 1, the “Improvement Areas” and each an “Improvement Area”) therein to finance (1) the purchase, construction, expansion, improvement or rehabilitation of the public facilities described in Exhibit B hereto (which exhibit is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the “Facilities”), which Facilities have a useful life of five years or longer, (2) the services described in Exhibit B hereto (collectively, the “Services”) and (3) the incidental expenses to be incurred in connection with financing the Facilities and/or Services and forming the Community Facilities District and administering the Community Facilities District (the “Incidental Expenses”); and

**WHEREAS**, the City Council of the City (the “City Council”) intends to approve an estimate of the costs of the Facilities, Services and the Incidental Expenses for the Community Facilities District; and

**WHEREAS**, it is the intention of the City Council to consider financing the Facilities and the Incidental Expenses through the formation of the Community Facilities District, and the sale of bonds in an amount not to exceed Three Million Five Hundred Thousand Dollars (\$3,500,000) for Improvement Area No. 1 and in an amount not to exceed Eleven Million Dollars (\$11,000,000) for Improvement Area No. 2 (the “Bonds”) and the levy of a special tax in each Improvement Area to pay debt service on each Improvement Area’s Bonds, provided that the bond sale and special tax levy are approved at an election to be held for the Community Facilities District; and

**WHEREAS**, the City desires to enter into a reimbursement agreement with Meritage Homes of California, Inc., a California corporation (“Meritage”), the form of which is on file with the City Clerk (the “Reimbursement Agreement”), to provide for the reimbursement of certain amounts advanced by Meritage in connection with the formation of the Community Facilities District;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:**

SECTION 1. The City Council declares its intention to conduct proceedings pursuant to said Article 3.5 of the Mello Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") for the establishment of the Community Facilities District with two separate Improvement Areas designated pursuant to Section 53350 of the Act and with boundaries coterminous with the Property. It is further proposed that the boundaries of the Community Facilities District and the Improvement Areas shall be the legal boundaries as described in Exhibit A hereto which boundaries shall, upon recordation of the boundary map for the Community Facilities District, include the entirety of any parcel subject to taxation by the Community Facilities District, except where indicated on the boundary map, and as depicted on the boundary map of the Community Facilities District which is on file with the City Clerk. The City Clerk is hereby directed to sign the original boundary map of the Community Facilities District and record it with all proper endorsements thereon with the County Recorder of the County of Riverside within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

SECTION 2. The name of the proposed Community Facilities District is "City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) and the two proposed Improvement Areas shall be designated as "Improvement Area No. 1 of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon)" and "Improvement Area No. 2 of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon).

SECTION 3. The Facilities and Services proposed to be provided within the Community Facilities District are public facilities and services as defined in the Act. The City Council hereby finds and determines that the description of the Facilities, Services and Incidental Expenses herein is sufficiently informative to allow taxpayers within the Community Facilities District to understand what the funds of the Community Facilities District may be used to finance. The Incidental Expenses expected to be incurred include the cost of planning and designing the Facilities and the Services the costs of forming the Community Facilities District, issuing bonds, levying and collecting a special tax within the Community Facilities District and the annual administration costs of the Community Facilities District. The City Council hereby finds that the proposed Facilities and Services are necessary to meet increased demands placed upon the City as a result of development occurring in the Community Facilities District. The Facilities may be acquired from one or more of the property owners as completed public facilities or may be constructed by or on behalf of the City and paid for with bond proceeds.

SECTION 4. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax within each Improvement Area, secured by a continuing lien against all non-exempt real property sufficient to pay for the Facilities, Services and Incidental Expenses and the principal and interest and other periodic costs on bonds or other indebtedness issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) attributable to the Community Facilities District.

The rate and method of apportionment and manner of collection of the special tax for Improvement Area No. 1 are described in detail in Exhibit "C" attached hereto, which Exhibit "C" is incorporated herein by this reference. Exhibit "C" allows each landowner within proposed Improvement Area No. 1 to estimate the maximum amount of the Special Tax that may be levied

against each parcel. The rate and method of apportionment and manner of collection of the Special Tax for Improvement Area No. 2 are described in detail in Exhibit "D" attached hereto, which Exhibit "D" is incorporated herein by this reference. Exhibit "D" allows each landowner within proposed Improvement Area No. 2 to estimate the maximum amount of the special tax that may be levied against each parcel. In the first year in which such special tax is levied in an Improvement Area, the levy shall include an amount sufficient to repay to the Community Facilities District all amounts, if any, transferred to the Community Facilities District pursuant to Section 53314 of the Act and interest thereon.

If the special taxes of an Improvement Area are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall be specified as a dollar amount which shall be calculated and established not later than the date on which the parcel is first subject to the special tax because of its use for private residential purposes and shall not be increased over time, except to the extent permitted in the rate and method of apportionment of the special tax for such Improvement Area as set forth in Exhibit "C" and Exhibit "D" hereto, as applicable, (ii) the Special Tax A (as defined in Exhibit "C" and "Exhibit "D" hereto) shall not be levied after fiscal year 2063-64, as described in Exhibit "C" and "Exhibit "D" hereto, as applicable, (iii) the Special Tax B, the Special Tax C (Contingent), and the Special Tax D (each as defined in Exhibit "C" and "Exhibit "D" hereto) shall be levied as long as each is needed to meet the Special Tax B Requirement, the Special Tax C (Contingent) Requirement and the Special Tax D Requirement (each as defined in Exhibit "C" and "Exhibit "D" hereto), respectively, as determined at the sole discretion of the City Council and (iv) under no circumstances will the special tax levied in an Improvement Area in any fiscal year against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within such Improvement Area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The special tax within each proposed Improvement Area is based on the cost of making the Facilities and Services available to each parcel of real property within such proposed Improvement Area. The City Council hereby determines the rate and method of apportionment of the special tax for Improvement Area No. 1 and Improvement Area No. 2 set forth in Exhibit "C" and Exhibit "D" to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within the Community Facilities District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified on Attachment "C" or Attachment "D," respectively, the City Council shall, on behalf of the Community Facilities District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Attachment "C" or Attachment "D," respectively, to the extent necessary upon the remaining property within the applicable Improvement Area which is not exempt in order to yield the Special Tax revenues required for the purposes described in this Section 4. The obligation to pay the Special Tax A may be prepaid only as set forth in Sections G and H of Attachment "C" or Attachment "D," as applicable. The obligation to pay the Special Tax B, the Special Tax C (Contingent), and the Special Tax D may not be prepaid.

SECTION 5. A combined public hearing (the "Hearing") on the establishment of the Community Facilities District and the Improvement Areas, the proposed rate and method of apportionment of the special tax for each Improvement Area and the proposed issuance of bonds for the each Improvement Area to finance the Facilities and the Incidental Expenses shall be held at 6:00 p.m., or as soon thereafter as practicable, on May 16, 2023, at the City Council's Chambers, 550

East 6th Street, Beaumont, California. If the City Council determines to form the Community Facilities District and the Improvement Areas, a special election will be held within each Improvement Area to authorize the issuance of bonds of such Improvement Area and the levy of a special tax within such Improvement Area in accordance with the procedures contained in Government Code Section 53326. If held, the proposed voting procedure at the elections will be a landowner vote with each landowner who is the owner of record of land within an Improvement Area at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within such proposed Improvement Area. Ballots for the special elections may be distributed by mail or by personal service.

At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the Community Facilities District and the proposed Improvement Areas shall be established and as to the method of apportionment of the special tax within each proposed Improvement Area and shall consider:

(a) if an ad valorem property tax is currently being levied on property within proposed the Community Facilities District for the exclusive purpose of paying principal of or interest on bonds, lease payments or other indebtedness incurred to finance construction of capital facilities; and

(b) if the capital facilities to be financed and constructed by the Community Facilities District will provide the same services as were provided by the capital facilities mentioned in subsection (a); and

(c) if the City Council makes the findings specified in subsections (a) and (b) above, it will consider appropriate action to determine whether the total annual amount of ad valorem property tax revenue due from parcels within the Community Facilities District, for purposes of paying principal and interest on the debt identified in subsection (a) above, shall not be increased after the date on which the Community Facilities District is established, or after a later date determined by the City Council with the concurrence of the legislative body which levied the property tax in question.

At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the Community Facilities District, may appear and be heard.

SECTION 6. The City Clerk is hereby authorized and directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the Community Facilities District. The City Clerk is further authorized and directed to mail a copy of the Notice to each of the landowners or any registered voters within the boundaries of the Community Facilities District at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the Community Facilities District and a description of the proposed voting procedure for the elections required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 7. Each City officer who is or will be responsible for providing the Facilities and the Services, if it is established, is hereby directed to study the Community Facilities District and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the public facilities and services by type which will in his or her opinion be required to meet

adequately the needs of the Community Facilities District and an estimate of the cost of providing those public facilities and services.

SECTION 8. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating the Community Facilities District. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the 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, with or without interest.

SECTION 9. The reasonably expected maximum principal amount of the bonded indebtedness to be incurred by Improvement Area No. 1 for the Facilities and Incidental Expenses is Three Million Five Hundred Thousand Dollars (\$3,500,000) and by Improvement Area No. 2 is Eleven Million Dollars (\$11,000,000).

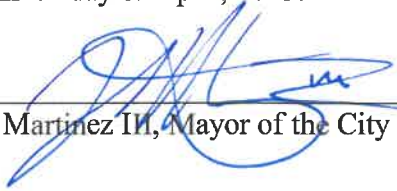
SECTION 10. Urban Futures, Inc. is hereby appointed to act as municipal advisor to the City and the Community Facilities District with respect to the formation of the Community Facilities District. Spicer Consulting Group, LLC, is hereby appointed to act as special tax consultant with respect to the formation of the Community Facilities District. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed to act as special counsel with respect to the formation of the Community Facilities District.

SECTION 11. Except to the extent limited in any bond resolution or trust indenture related to the issuance of bonds, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

SECTION 12. The form of the Reimbursement Agreement by and between the City and Meritage to be utilized in connection with the formation of the Community Facilities District, substantially in the form on file with the City Clerk, is hereby approved and the City Manager of the City, or his or her written designee, is hereby authorized to execute and deliver such agreement with such changes therein, deletions therefrom and modifications thereto as the City Manager, or his or her written designee, may approve.

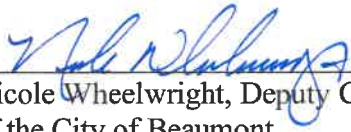
SECTION 13. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED this 4<sup>th</sup> day of April, 2023.

  
\_\_\_\_\_  
Julio Martinez III, Mayor of the City of Beaumont

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Nicole Wheelwright, Deputy City Clerk  
of the City of Beaumont

STATE OF CALIFORNIA            )  
                                                  ) ss.  
COUNTY OF RIVERSIDE         )

I, Nicole Wheelwright, City Clerk of the City of Beaumont, do hereby certify that the foregoing resolution was duly adopted by the City Council of said City, at a regular meeting of said Board held on the 4<sup>th</sup> day of April, 2023, and that it was so adopted by the following vote:

AYES:            White, Voigt, Lara, Fenn, Martinez

NOES:

ABSENT:

  
\_\_\_\_\_  
Nicole Wheelwright, Deputy City Clerk  
City of Beaumont



**EXHIBIT A**

**DESCRIPTION OF THE PROPOSED COMMUNITY FACILITIES DISTRICT**

County of Riverside Assessor Parcel Nos. 413-790-067 through 073, inclusive.

**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**(FAIRWAY CANYON)**  
**CITY OF BEAUMONT,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

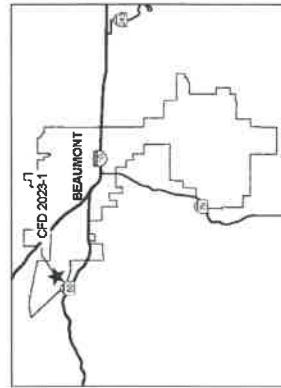
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON), CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF BEAUMONT AT A REGULAR MEETING THEREOF, HELD ON \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ BY RESOLUTION NO. \_\_\_\_\_

CITY CLERK \_\_\_\_\_  
 CITY OF BEAUMONT  
 FILED IN THE OFFICE OF THE CITY CLERK, CITY OF BEAUMONT,  
 THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_

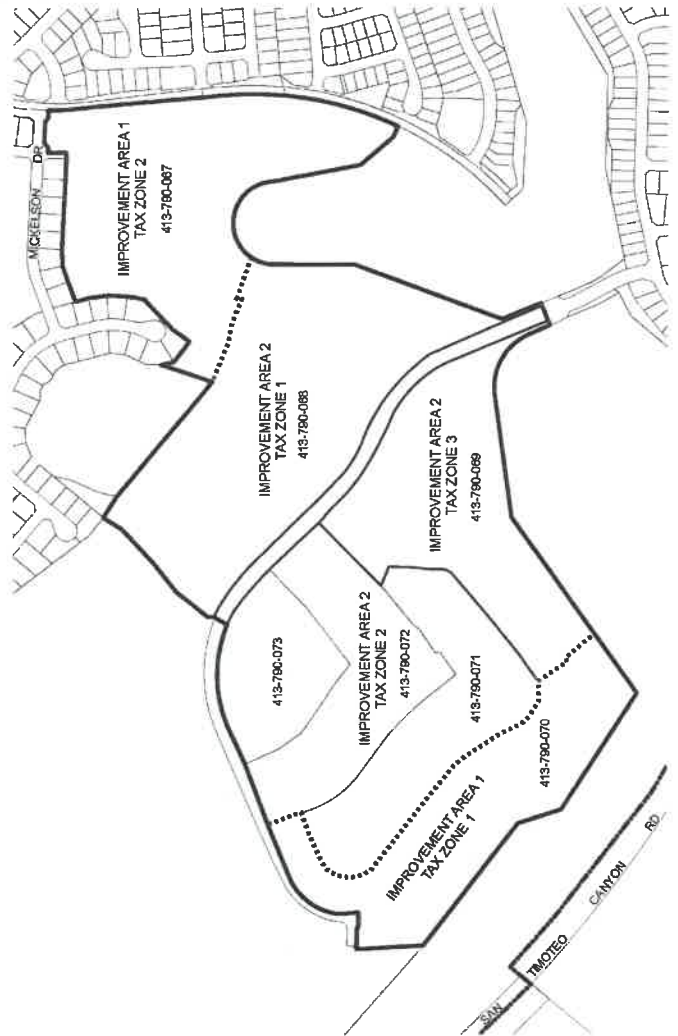
CITY CLERK \_\_\_\_\_  
 CITY OF BEAUMONT

RECORDED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ AT  
 THE HOUR OF \_\_\_\_\_ M IN BOOK \_\_\_\_\_  
 PAGE \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY  
 FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY  
 RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF  
 CALIFORNIA.

FEE: \_\_\_\_\_ NO.: \_\_\_\_\_  
 PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER  
 BY: \_\_\_\_\_ DEPUTY  
 \_\_\_\_\_ DEPUTY

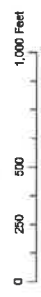


THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2022-23.



**LEGEND**

- CITY BOUNDARY
- IMPROVEMENT AREA BOUNDARY
- ..... TAX ZONE BOUNDARY
- PARCEL LINE
- CITY BOUNDARY
- XXXXXXX ASSESSOR PARCEL NUMBER



## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITIES, SERVICES AND INCIDENTAL EXPENSES**

#### **TYPES OF FACILITIES**

The proposed types of public facilities and expenses to be financed by the Community Facilities District include:

The construction, purchase, modification, rehabilitation, expansion and/or improvement of roadway, bridge, sewer, domestic and reclaimed water, dry utilities, storm drain, curb and gutter, medians, traffic signals and any other facilities permitted pursuant to the Act, parks, trails, police facilities, fire facilities, library facilities, public community facilities, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure including design, engineering and planning costs associated therewith. The Facilities include, but are not limited to:

PA 21B Park Improvements  
Sorenstam Road Improvement  
Water Facilities of Beaumont Cherry Valley Water District

#### **TYPES OF MAINTENANCE SERVICES**

The types of Maintenance Services that are proposed to be provided by the Community Facilities District and funded with the proceeds of special taxes levied by the Community Facilities District consist of services permitted to be financed under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems. All of the Maintenance Services to be financed must be in addition to those provided within the boundaries of the Community Facilities District before the Community Facilities District is created, and shall not supplant services already available within that territory when the Community Facilities District is created.

#### **TYPES OF PUBLIC SERVICES**

The types of Public Services that are proposed to be provided by the Community Facilities District and funded with the proceeds of special taxes levied by the Community Facilities District consist of services permitted to be financed under the Act, including, without limitation, police and fire protection and ambulance and paramedic services. All of the Public Services to be financed must be in addition to those provided within the boundaries of the Community Facilities District before The Community Facilities District is created, and shall not supplant services already available within that territory when the Community Facilities District is created.

#### **TYPES OF INCIDENTAL EXPENSES**

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

- a. The cost of engineering, planning and designing the Facilities;

b. All costs, including costs of the property owner petitioning to form the Community Facilities District, associated with the creation of the Community Facilities 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 Community Facilities District; and

c. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

## EXHIBIT C

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON) IMPROVEMENT AREA NO. 1

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 Improvement Area No. 1 (“IA No. 1”) of Community Facilities District No. 2023-1 (Fairway Canyon) of the City of Beaumont (“CFD No. 2023-1”). 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 Beaumont, acting in its capacity as the legislative body of CFD No. 2023-1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Accessory Dwelling Unit**” means a residential unit of limited size including a smaller second unit that shares an Assessor’s Parcel with a stand-alone Dwelling Unit.

“**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 of Part 1, 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 administration of IA No. 1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**“Assessor’s Parcel”** means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of the CFD and Improvement Area No.1.

**“Assessor’s Parcel Map”** means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

**“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.

**“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 Taxes A of IA No. 1 have been pledged.

**“Boundary Map”** means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 1.

**“Building Permit”** means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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 application for such Assessor’s Parcel, as determined by the CFD Administrator.

**“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 determining the Special Tax A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

**“CFD No. 2023-1”** or **“CFD”** means City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) established by the City under the Act.

**“City”** means the City of Beaumont.

**“City Council”** means the City Council of the City, acting as the legislative body of CFD No. 2023-1, or its designee.

**“Consumer Price Index”** or **“CPI”** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items for All Urban Consumers: in the Riverside-San Bernardino-Ontario area.” In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**“Dwelling Unit”** or **“DU”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

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

**“Final Map”** means a subdivision of property evidenced by the 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 the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

**“Final Map Property”** means Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**“Fiscal Year”** means the period commencing on July 1 of any year and ending the following June 30.

**“Improvement Area No. 1”** or **“IA No. 1”** means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

**“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.

**“Land Use Category”** means any of the categories listed in the tables included in Table 1 and Table 2 of Section D, Table 4 of Section M, Table 6 of Section S, and Table 8 of Section Y.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maintenance Services”** means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023-1 and the City.

**“Maintenance Services (Contingent)”** means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023-1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

**“Maximum Special Tax”** means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

**“Maximum Special Tax A”** means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 1 of CFD No. 2023-1.

**“Maximum Special Tax B”** means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 1 of CFD No. 2023-1.

**“Maximum Special Tax C (Contingent)”** means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 1 of CFD No. 2023-1 following the Fiscal Year in which there is a Failure to Perform as defined in Section Q hereof. The Maximum Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

**“Maximum Special Tax D”** means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 1 of CFD No. 2023-1.

**“Minimum Taxable Acreage”** means the smallest allowable amount of Acreage of Taxable Property. For IA No. 1 of CFD No. 2023-1, it shall not be less than shown in Table 3 of Section F.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

**“Operating Fund for Maintenance Services”** means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

**“Operating Fund for Maintenance Services (Contingent)”** means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

**“Operating Fund for Public Services”** means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

**“Operating Fund Balance”** means the amount of funds in the applicable operating fund at the end of the preceding Fiscal Year.

**“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 H.



**“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”** means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 1 of CFD No. 2023-1.

**“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 the 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) Final Map 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 Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped 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 and Provisional Undeveloped 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor’s Parcels of Developed Property, including Developed Property with attached Dwelling Units.

**“Provisional Undeveloped Property”** means Public Property or Property Owner 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.

**“Public Services”** means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023-1 and the City.

**“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 dwelling units, as determined by the CFD Administrator.

**“Special Tax(es)”** means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

**“Special Tax A”** means any of the Special Taxes authorized to be levied within IA No. 1 of CFD No. 2023-1 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) Administrative Expenses applicable to the Special Tax A, (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) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 1 of CFD No. 2023-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

**“Special Tax B”** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**“Special Tax B Requirement”** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

**“Special Tax C (Contingent)”** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**“Special Tax C (Contingent) Requirement”** means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor’s Parcels in addition to, and not in lieu of, the Special Tax B Requirement.

**“Special Tax D”** means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**“Special Tax D Requirement”** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

**“Taxable Property”** means all Assessor’s Parcels within IA No. 1 of CFD No. 2023-1, which are not Exempt Property, as determined by the CFD Administrator.

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

**“Trustee”** means the firm that holds and administers assets on behalf of IA No. 1 of CFD No. 2023-1 under and pursuant to the Indenture.

**“Undeveloped Property”** means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

**“Zone(s)”** means Zone 1 or 2 as geographically identified on the Boundary Map.

**“Zone 1”** means the specific geographic area depicted as Improvement Area No. 1, Zone 1 on the Boundary Map.

**“Zone 2”** means the specific geographic area depicted as Improvement Area No. 1, Zone 2 on the Boundary Map.

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

## **C. CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor’s Parcel.

**D. MAXIMUM SPECIAL TAX A**

**1. Developed Property**

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax A in Tables 1 and 2 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax A in the tables below.

**a. Assigned Special Tax A**

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel of Developed 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 any Fiscal Year shall be determined pursuant to Tables 1 and 2 below based upon the Zone in which the Assessor’s Parcel is located.

**TABLE 1  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,100	\$1,328
2. Residential Property	DU	2,100 – 2,400	\$1,376
3. Residential Property	DU	Greater than 2,400	\$1,414
4. Non-Residential Property	Acre	N/A	\$8,204

**TABLE 2  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 1,600	\$1,106
2. Residential Property	DU	1,600 – 1,800	\$1,215
3. Residential Property	DU	1,801 – 2,000	\$1,325
4. Residential Property	DU	Greater than 2,000	\$1,414
5. Non-Residential Property	Acre	N/A	\$8,456

**b. Backup Special Tax A**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor’s Parcel classified or to be classified as Residential Property within such Final Map shall be determined by

multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor's Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor's Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

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

**2. Final Map Property**

The Maximum Special Tax A for each Assessor's Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor's Parcel of Final Map Property expected to be classified as Non-Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$8,204
2. Zone 2 rate per Acre - \$8,456

**3. Undeveloped Property and/or Provisional Undeveloped Property**

The Maximum Special Tax A for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$8,204
2. Zone 2 rate per Acre - \$8,456

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

1. Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The 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 the tables included in Section D as needed 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 Final Map 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 Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped 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 Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the 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, 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.

Under no circumstances will Special Tax A be levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023-1.

## F. EXEMPTIONS

The City shall classify as Exempt Property, in the following 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 total Acreage of all Taxable Property to less than the amounts shown in Table 3 below.

**TABLE 3  
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	9.20
2	11.69

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 3 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 3 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax 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 \$2,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes 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 IA No. 1 of CFD No. 2023-1.

**“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 available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued Bonds issued and secured by the levy of Special Taxes 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 Taxes A.

The Special Tax A obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor's Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's

Parcel at the time the Special Tax A obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax A obligation shall provide the City with written notice of intent to prepay, and within five (5) days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by IA No. 1 of CFD No. 2023-1 in calculating the proper Prepayment Amount. Within fifteen (15) days of receipt of such non-refundable deposit, the City shall notify such owner of the Prepayment Amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
<b>equals</b>	<b>Prepayment Amount</b>

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

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax A and the Backup Special Tax A applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.



6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 1 of CFD No. 2023-1 that there has been a prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## H. PARTIAL PREPAYMENT OF SPECIAL TAX A

The Special Tax A obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P<sub>H</sub> = the Prepayment Amount calculated according to Section G.

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

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 1 of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## 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 2063-2064 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 IA No. 1 Bonds have been paid; (ii) all authorized facilities of IA No. 1 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 1, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 1 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 IA No. 1 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 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, 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 IA No. 1 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

## **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 Residential Property all such Assessor's Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Final Map Property which are classified as 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 B per 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 2023-2024 is identified in Table 4 below:

**TABLE 4  
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$425
2. Non-Residential Property	Acre	\$2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**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. Final Map Property**

The Maximum Special Tax B for each Assessor's Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 5 below:

**TABLE 5  
MAXIMUM SPECIAL TAX B RATES  
FOR FINAL MAP PROPERTY**

<b>Maximum Special Tax B Per Assessor's Parcel</b>
\$425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed 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 Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

#### **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 IA No. 1 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 may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a "Failure to Perform"):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will

have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in “c.” or “d.” above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

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

(d) For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor’s Parcels classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor’s Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

#### **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 Residential Property, all such Assessor’s Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor’s Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling 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 Final Map Property which are classified as 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 2023-2024 is identified in Table 6 below for all Zones:

**TABLE 6  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax C (Contingent) Per Taxable Unit</b>
1. Residential Property	DU	\$249
2. Non-Residential Property	Acre	\$1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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. Final Map Property**

The Maximum Special Tax C (Contingent) for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 7 below:

**TABLE 7  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR  
FINAL MAP PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Assessor’s Parcel</b>
\$249

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change

in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)**

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 at 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 Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map 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 IA No. 1 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

**W. SPECIAL TAX D**

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

**X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX D**

For each Fiscal Year, all Assessor's Parcels of Taxable Property within IA No. 1 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non-Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.



**Y. MAXIMUM SPECIAL TAX D**

**1. Developed Property**

**a. Maximum Special Tax D**

The Maximum Special Tax D for each Assessor’s Parcel of Residential Property for Fiscal Year 2023-2024 is identified in Table 8 below:

**TABLE 8  
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax B Per Taxable Unit</b>
1. Residential Property	DU	\$509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

**Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D**

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

Step One: The Special Tax D shall be levied Proportionately on each Assessor’s Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

**AA. DURATION OF SPECIAL TAX D**

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

**BB. MANNER OF COLLECTION**

The Special Tax D shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 1 may collect the Special Tax D at a different time or in a different manner if necessary to meet its funding requirements.

**CC. APPEALS**

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 available funds of IA No. 1 of CFD No. 2023-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within IA No. 1 of CFD No. 2023-1 in the amount of the overpayment.

**DD. INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

## EXHIBIT D

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON) IMPROVEMENT AREA NO. 2

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 Improvement Area No. 2 ("IA No. 2") of Community Facilities District No. 2023-1 (Fairway Canyon) of the City of Beaumont ("CFD No. 2023-1"). 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 Beaumont, acting in its capacity as the legislative body of CFD No. 2023-1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Accessory Dwelling Unit"** means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel with a stand-alone Dwelling Unit.

**"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 of Part 1, 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 administration of IA No. 2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**“Assessor’s Parcel”** means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of the CFD and Improvement Area No.1.

**“Assessor’s Parcel Map”** means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

**“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.

**“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 Taxes A of IA No. 2 have been pledged.

**“Boundary Map”** means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 2.

**“Building Permit”** means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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 application for such Assessor’s Parcel, as determined by the CFD Administrator.

**“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 determining the Special Tax A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

**“CFD No. 2023-1”** or **“CFD”** means City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) established by the City under the Act.

**“City”** means the City of Beaumont.

**“City Council”** means the City Council of the City, acting as the legislative body of CFD No. 2023-1, or its designee.

**“Consumer Price Index”** or **“CPI”** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items for All Urban Consumers: in the Riverside-San Bernardino-Ontario area.” In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**“Dwelling Unit”** or **“DU”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

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

**“Final Map”** means a subdivision of property evidenced by the 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 the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

**“Final Map Property”** means Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

**“Fiscal Year”** means the period commencing on July 1 of any year and ending the following June 30.

**“Improvement Area No. 2”** or **“IA No. 2”** means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

**“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.

**“Land Use Category”** means any of the categories listed in the tables included in Table 1, Table 2, and Table 3 of Section D, Table 5 of Section M, Table 7 of Section S, and Table 9 of Section Y.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maintenance Services”** means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023-1 and the City.

**“Maintenance Services (Contingent)”** means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023-1 and the City, which are proposed to be

maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

**“Maximum Special Tax”** means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

**“Maximum Special Tax A”** means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 2 of CFD No. 2023-1.

**“Maximum Special Tax B”** means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 2 of CFD No. 2023-1.

**“Maximum Special Tax C (Contingent)”** means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 2 of CFD No. 2023-1 following the Fiscal Year in which there is a Failure to Perform as defined in Section Q hereof. The Maximum Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

**“Maximum Special Tax D”** means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 2 of CFD No. 2023-1.

**“Minimum Taxable Acreage”** means the smallest allowable amount of Acreage of Taxable Property. For IA No. 2 of CFD No. 2023-1, it shall not be less than shown in Table 4 of Section F.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

**“Operating Fund for Maintenance Services”** means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

**“Operating Fund for Maintenance Services (Contingent)”** means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

**“Operating Fund for Public Services”** means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

**“Operating Fund Balance”** means the amount of funds in the applicable operating fund at the end of the preceding Fiscal Year.

**“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 H.

**“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”** means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 2 of CFD No. 2023-1.

**“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 the 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) Final Map 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 Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped 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 and Provisional Undeveloped 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map 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, including Developed Property with attached Dwelling Units and (ii) Final Map 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 Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor’s Parcels of Developed Property, including Developed Property with attached Dwelling Units.

**“Provisional Undeveloped Property”** means Public Property or Property Owner 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.

**“Public Services”** means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023-1 and the City.

**“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 dwelling units, as determined by the CFD Administrator.

**“Special Tax(es)”** means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

**“Special Tax A”** means any of the Special Taxes authorized to be levied within IA No. 2 of CFD No. 2023-1 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) Administrative Expenses applicable to the Special Tax A, (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) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 2 of CFD No. 2023-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

**“Special Tax B”** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**“Special Tax B Requirement”** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

**“Special Tax C (Contingent)”** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

**“Special Tax C (Contingent) Requirement”** means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor’s Parcels in addition to, and not in lieu of, the Special Tax B Requirement.



**“Special Tax D”** means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

**“Special Tax D Requirement”** means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

**“Taxable Property”** means all Assessor’s Parcels within IA No. 2 of CFD No. 2023-1, which are not Exempt Property, as determined by the CFD Administrator.

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

**“Trustee”** means the firm that holds and administers assets on behalf of IA No. 2 of CFD No. 2023-1 under and pursuant to the Indenture.

**“Undeveloped Property”** means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

**“Zone(s)”** means Zone 1, 2, or 3 as geographically identified on the Boundary Map.

**“Zone 1”** means the specific geographic area depicted as Improvement Area No. 2, Zone 1 on the Boundary Map.

**“Zone 2”** means the specific geographic area depicted as Improvement Area No. 2, Zone 2 on the Boundary Map.

**“Zone 3”** means the specific geographic area depicted as Improvement Area No. 2, Zone 3 on the Boundary Map.

## **B. SPECIAL TAX A**

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

## **C. CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor’s Parcel.

**D. MAXIMUM SPECIAL TAX A**

**1. Developed Property**

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax A in Tables 1, 2, and 3 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax A in the tables below.

**c. Assigned Special Tax A**

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel of Developed 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 any Fiscal Year shall be determined pursuant to Tables 1, 2, and 3 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 1,900	\$1,481
2. Residential Property	DU	1,900 – 2,100	\$1,574
3. Residential Property	DU	2,101 – 2,300	\$1,609
4. Residential Property	DU	2,301 – 2,500	\$1,732
5. Residential Property	DU	2,501 – 2,700	\$1,809
6. Residential Property	DU	2,701 – 2,900	\$1,895
7. Residential Property	DU	Greater than 2,900	\$1,954
8. Non-Residential Property	Acre	N/A	\$12,985

**TABLE 2  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,200	\$1,736
2. Residential Property	DU	2,200 – 2,500	\$1,837
3. Residential Property	DU	2,501 – 2,800	\$1,938
4. Residential Property	DU	2,801 – 3,100	\$1,969
5. Residential Property	DU	Greater than 3,100	\$2,067
6. Non-Residential Property	Acre	N/A	\$12,615

**TABLE 3  
ASSIGNED SPECIAL TAX A RATES  
FOR DEVELOPED PROPERTY WITHIN ZONE 3**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A Per Taxable Unit</b>
1. Residential Property	DU	Less than 2,600	\$1,884
2. Residential Property	DU	2,600 – 2,850	\$1,960
3. Residential Property	DU	2,851 – 3,100	\$2,061
4. Residential Property	DU	Greater than 3,100	\$2,135
5. Non-Residential Property	Acre	N/A	\$12,276

d. Backup Special Tax A

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor’s Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners’ Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor’s Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor’s Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, Property Owners’ Association Property, or Provisional Undeveloped Property.

**2. Final Map Property**

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Non-Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$12,985
2. Zone 2 rate per Acre - \$12,615
3. Zone 3 rate per Acre - \$12,276

**3. Undeveloped Property and/or Provisional Undeveloped Property**

The Maximum Special Tax A for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$12,985
2. Zone 2 rate per Acre - \$12,615
3. Zone 3 rate per Acre - \$12,276

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

1. Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The 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 the tables included in Section D as needed 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 Final Map 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 Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped 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 Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the 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, 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.

Under no circumstances will Special Tax A be levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or

defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023-1.

**F. EXEMPTIONS**

The City shall classify as Exempt Property, in the following 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 total Acreage of all Taxable Property to less than the amounts shown in Table 4 below.

**TABLE 4  
MINIMUM TAXABLE ACRES**

<b>Tax Zone</b>	<b>Acres</b>
1	14.83
2	16.34
3	10.96

Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax 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 \$7,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes 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 IA No. 2 of CFD No. 2023-1.

“**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 available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued Bonds issued and secured by the levy of Special Taxes 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 Taxes A.

The Special Tax A obligation of an Assessor's Parcel of Developed Property, an Assessor’s Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor’s Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax A obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax A obligation shall provide the City with written notice of intent to prepay, and within five (5) days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by IA No. 2 of CFD No. 2023-1 in calculating the proper Prepayment Amount. Within fifteen (15) days of receipt of such non-refundable deposit, the City shall notify such owner of the Prepayment Amount of such Assessor’s Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
<b>equals</b>	<b>Prepayment Amount</b>

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

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax A and the Backup Special Tax A applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor’s Parcel.

2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the

prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

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

With respect to a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 2 of CFD No. 2023-1 that there has been a prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **H. PARTIAL PREPAYMENT OF SPECIAL TAX A**

The Special Tax A obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax A obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

$P_H$  = the Prepayment Amount calculated according to Section G.

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

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 2 of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.



Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **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 2063-2064 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 IA No. 2 Bonds have been paid; (ii) all authorized facilities of IA No. 2 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 2, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 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 IA No. 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 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, 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 IA No. 2 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property with attached Dwelling Units, shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

#### **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 Residential Property all such Assessor's Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Final Map Property which are classified as 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 B per 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 2023-2024 is identified in Table 5 below:

**TABLE 5  
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax B Per Assessor's Parcel</b>
1. Residential Property	DU	\$425
2. Non-Residential Property	Acre	\$2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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. Final Map Property**

The Maximum Special Tax B for each Assessor's Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 6 below:

**TABLE 6**  
**MAXIMUM SPECIAL TAX B RATES**  
**FOR FINAL MAP PROPERTY**

<b>Maximum Special Tax B Per Assessor's Parcel</b>
\$425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

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

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

- Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed 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 Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

**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 IA No. 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 may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a "Failure to Perform"):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner

Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;

- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in "c." or "d." above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor's Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

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

(e) For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

**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 Residential Property, all such Assessor’s Parcels shall be assigned the number of Dwelling 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. If a single family attached building or buildings have been built on an Assessor’s Parcel, the CFD Administrator shall determine the actual number of Dwelling 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 Dwelling 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 Final Map Property which are classified as 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 2023-2024 is identified in Table 7 below for all Zones:

**TABLE 7  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Maximum Special Tax C (Contingent) Per Taxable Unit</b>
1. Residential Property	DU	\$249
2. Non-Residential Property	Acre	\$1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**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. Final Map Property**

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 8 below:

**TABLE 8  
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR  
FINAL MAP PROPERTY**

<b>Maximum Special Tax C (Contingent) Per Assessor's Parcel</b>
<b>\$249</b>

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

**T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)**

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 at 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 Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map 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 IA No. 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. SPECIAL TAX D**

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

**X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX**

For each Fiscal Year, all Assessor’s Parcels of Taxable Property within IA No. 2 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non-Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.

**Y. MAXIMUM SPECIAL TAX D**

- 1. Developed Property
  - a. Maximum Special Tax D

The Maximum Special Tax D for each Assessor’s Parcel of Residential Property for Fiscal Year 2023-2024 is identified in Table 9 below:

**TABLE 9  
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

**Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D**

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

- Step One: The Special Tax D shall be levied Proportionately on each Assessor’s Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

**AA. DURATION OF SPECIAL TAX D**

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

**BB. MANNER OF COLLECTION**

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

**CC. APPEALS**

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 available funds of IA No. 2 of CFD No. 2023-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within IA No. 2 of CFD No. 2023-1 in the amount of the overpayment.

**DD. INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.





SPICER CONSULTING  
GROUP