

ORDINANCE NO. 3304

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA AUTHORIZING THE LEVY OF SPECIAL
TAXES WITHIN THE IMPROVEMENT AREAS OF
COMMUNITY FACILITIES DISTRICT 14M (EASTERN
URBAN CENTER/MILLENIA)

WHEREAS, the City Council of the City of Chula Vista (the "City Council"), has initiated proceedings, held a public hearing, conducted an election and received a favorable vote from the qualified electors authorizing the levy of special taxes within a community facilities district, all as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act") and the City of Chula Vista Community Facilities District Ordinance enacted pursuant to the powers reserved by the City of Chula Vista under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the "Ordinance") (the Act and the Ordinance may be referred to collectively as the "Community Facilities District Law"). This Community Facilities District is designated as Community Facilities District No. 14M (Eastern Urban Center/Millenia) (The "District").

THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 14M (EASTERN URBAN CENTER/MILLENIA), DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. This City Council does, by the passage of this Ordinance, authorize the levy of special taxes within Improvement Area No. 1 and Improvement Area No. 2 of the District pursuant to the Rate and Method of Apportionment of Special Taxes as set forth in Exhibit "A" attached hereto (the "Rate and Method"), referenced and so incorporated.

SECTION 2. This City Council, acting as the legislative body of the District, is hereby further authorized, by Resolution, to annually determine the special taxes to be levied within the District for the then current tax year or future tax years, except that the special tax to be levied within the District shall not exceed the maximum special tax calculated pursuant to the Rate and Method, but the special tax may be levied at a lower rate.

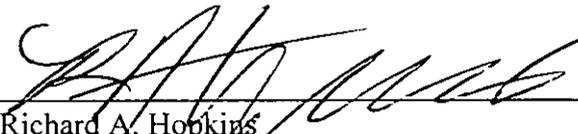
SECTION 3. The special taxes herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; provided, however, the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

SECTION 4. The special taxes shall be secured by the lien imposed pursuant to Sections 3114.5 and 3115.5 of the Streets and Highways Code of the State of California, which lien shall be a continuing lien and shall secure each levy of the special tax. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with Section 53344 of the Government Code of the State of California or until the special tax ceases to be levied by the City Council in the manner provided in Section 53330.5 of said Government Code.

SECTION 5. This Ordinance shall be effective thirty (30) days after its adoption. Within fifteen (15) days after its adoption, the City Clerk shall cause this Ordinance to be published in a newspaper of general circulation in the City pursuant to the provisions of Government Code Section 36933.

Prepared by

Approved as to form by


Richard A. Hopkins
Director of Public Works

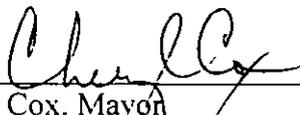

Glen R. Googins
City Attorney

PASSED, APPROVED, and ADOPTED by the City Council of the City of Chula Vista, California, this 18th day of February 2014, by the following vote:

AYES: Councilmembers: Aguilar, Bensoussan, Ramirez, Salas and Cox

NAYS: Councilmembers: None

ABSENT: Councilmembers: None


Cheryl Cox, Mayor

ATTEST:


Donna R. Norris, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)
CITY OF CHULA VISTA)

I, Donna R. Norris, City Clerk of Chula Vista, California, do hereby certify that the foregoing Ordinance No. 3304 had its first reading at a regular meeting held on the 11th day of February 2014 and its second reading and adoption at a regular meeting of said City Council held on the 18th day of February 2014; and was duly published in summary form in accordance with the requirements of state law and the City Charter.

February 25, 2014
Dated

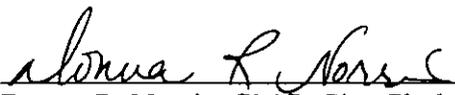

Donna R. Norris, CMC, City Clerk

EXHIBIT A
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 14M
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1 AND IMPROVEMENT AREA NO. 2
(Eastern Urban Center/Millenia)

A Special Tax of Community Facilities District No. 14M (Eastern Urban Center/Millenia) of the City of Chula Vista ("CFD") shall be levied on all Taxable Property in the CFD and collected each Fiscal Year commencing in Fiscal Year 2014-2015 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All such Taxable Property shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"**A' Map**" shall mean a master final subdivision or parcel map, filed in accordance with the Subdivision Map Act (California Government Code Section 66410 et seq.) and the Chula Vista Municipal Code, which subdivides the land or a portion thereof shown on a tentative map into "super block" lots corresponding to units or phasing of combination of units as shown on such tentative map and which may further show open space lot dedications, backbone street dedications and utility easements required to serve such "super block" lots.

"**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 Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. In the event that parcel acreage information is not available from the sources previously listed, San Diego County GIS data may be utilized. 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, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"**Administrative Expenses**" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes within Improvement Area No. 1, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of Improvement Area No. 1; the costs of collecting installments of the Special Taxes within Improvement Area No. 1; and any other costs required to administer Improvement Area No. 1 as determined by the City.

"Apartment Property" means a dwelling unit within a building comprised of attached residential units available for rental by the general public, not for sale to an end user, and under common management.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in an 'A' Map, excluding lettered lots thereon, or a Final Subdivision Map, excluding lettered lots thereon, that were recorded prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a building permit prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number. If any parcel of Public Urban Parks Property is not shown on an Assessor's Parcel Map or assigned an assessor's parcel number, an Assessor's Parcel of such property shall mean that property as shown on the instrument conveying the title of such property to the City.

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

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD" means Community Facilities District No. 14M (Eastern Urban Center/Millenia) of the City of Chula Vista.

"CFD Boundary Map" entitled "Proposed Boundaries of Community Facilities District No. 14M (Eastern Urban Center/Millenia), City of Chula Vista, County of San Diego, State of California" as recorded in the Office of the County Recorder of the County of San Diego on January 23, 2014 as Document No. 2014-0030558 at Page 39 of Book 44 of the Book of Maps of Assessment and Community Facilities Districts for such County.

"City" means the City of Chula Vista.

"City Clerk" means the City Clerk for the City of Chula Vista or his or her designee.

"City Manager" means the City Manager for the City of Chula Vista or his or her designee.

"City Share" means the City's Share of the budgeted costs of the maintenance of the Public Urban Parks Property, as determined in accordance with the Eastern Urban Center Parks Agreement and Section E below.

"Community Purpose Facility Property" or "CPF Property" means all Assessors' Parcels which are classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2452.

"Council" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"County" means the County of San Diego, California.

"Developed Property" means all Taxable Property for which a building permit was issued prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Eastern Urban Center Parks Agreement" means that certain Agreement Regarding Construction of Parks in a Portion of Otay Ranch Eastern Urban Center made and entered into as of the 15th day of September, 2009 by and between the City and McMillin Otay Ranch LLC, as recorded on October 28, 2009 with the San Diego County Recorder's Office, Document Number 2009-0599389, or as otherwise modified and agreed upon by all parties thereto.

"Final Subdivision Map" means a subdivision of property creating buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

"Improvement Area No. 1" means all property within the boundaries of such improvement area as shown on the CFD Boundary Map.

"Improvement Area No. 1 Operating Fund" means a fund that shall be maintained for the CFD for each Fiscal Year to pay for the authorized maintenance services for Improvement Area No. 1 as described in the CFD special tax report and Administrative Expenses.

"Improvement Area No. 1 Operating Fund Requirement" means, for any Fiscal Year, an amount equal to the budgeted costs for Improvement Area No. 1. The budgeted costs for Improvement Area No. 1 shall equal (i) the greater of (A) 50% of the budgeted costs for maintenance of the Public Urban Parks Property and (B) 100% of such budgeted costs minus the City Share; plus (ii) the budget costs of landscape maintenance, street frontage maintenance, bio-retention maintenance, storm water maintenance, and the maintenance, repair and replacement of the facilities and improvements, other than the Public Urban Parks Property, which have been accepted and or maintained by the CFD during the current Fiscal Year; plus (iii) the budgeted Administrative Expenses for the current Fiscal Year in which Special Taxes are levied.

"Improvement Area No. 1 Reserve Fund" means a fund that shall be maintained for the CFD for Improvement Area No. 1 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes within Improvement Area No. 1 and a reasonable buffer to prevent large variations in annual Special Tax levies within Improvement Area No. 1.

"Improvement Area No. 1 Reserve Fund Requirement" means an amount equal to up to 100% of the Improvement Area No. 1 Operating Fund Requirement for any Fiscal Year.

"Improvement Area No. 1 Special Tax Requirement" means that amount required in any Fiscal Year for the CFD to: (i) pay the Improvement Area No. 1 Operating Fund Requirement; (ii) pay any amounts required to establish or replenish the Improvement Area No. 1 Reserve Fund to the Improvement Area No. 1 Reserve Fund Requirement; (iii) pay for reasonably anticipated delinquent Special Taxes within Improvement Area No. 1 based on the delinquency rate for Special Taxes levied in the previous Fiscal Year within Improvement Area No. 1; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Improvement Area No. 1 Reserve Fund above the Improvement Area No. 1 Reserve Fund Requirement and any amount remaining in the Improvement Area No. 1 Operating Fund that is available to pay the Improvement Area No. 1 Operating Fund Requirement in such Fiscal Year.

"Improvement Area No. 2" means all property within the district boundaries that is owned by the City and classified as Public Urban Parks Property.

"Improvement Area No. 2 Operating Fund" means a fund that shall be maintained for the CFD for each Fiscal Year to pay for the authorized maintenance services for Improvement Area No. 2 as described in the CFD special tax report.

"Improvement Area No. 2 Operating Fund Requirement" means, for any Fiscal Year, an amount equal to the City Share.

"Improvement Area No. 2 Special Tax Requirement" means that amount required in any Fiscal Year for the CFD to pay the Improvement Area No. 2 Operating Fund Requirement less a credit for funds, if any, available to reduce the annual Special Tax levy within Improvement Area No. 2 and any amount remaining in the Improvement Area No. 2 Operating Fund that is available to pay the Improvement Area No. 2 Operating Fund Requirement in such Fiscal Year.

"Land Use Class" means any of the classes listed in Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Mixed Use Property" means all Assessor's Parcels that have been classified by the City to allow both Residential Property and Non-Residential Property uses on each such Assessor's Parcel. For an Assessor's Parcel of Mixed Use Property, only the Residential Land Use Class thereon is subject to taxation pursuant to the provisions of Section C.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential dwelling units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, and condominiums.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"Ordinance" means the Chula Vista Community Facilities District Ordinance, being Ordinance No. 2730 enacted on April 28, 1998, as modified and supplemented by Ordinance No. 3293, enacted on December 17, 2013.

"Property Owner Association Property" means any property within the CFD boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the CFD boundaries that has provided proof to the City prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, that it is expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency, excluding Public Urban Parks Property.

"Public Urban Parks" means those parks to which the City accepts title pursuant to the Eastern Urban Center Parks Agreement.

"Public Urban Parks Property" means all Assessor's Parcels that are owned by the City and upon which the Public Urban Parks are located or to be located.

"Residential Property" means all Assessor's Parcels of Developed Property classified as Apartment Property or Multi-Family Property for which a building permit(s) has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means the Special Tax levied pursuant to the provisions of sections D and E below in each Fiscal Year on each Assessor's Parcel of Developed Property, Approved Property, and Undeveloped Property in Improvement Area No. 1 to fund the Improvement Area No. 1 Special Tax Requirement and the Public Urban Parks Property to fund the Improvement Area No. 2 Special Tax Requirement.

"**State**" means the State of California.

"**Taxable Property**" means, as to Improvement Area No. 1, all of the Assessor's Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Tax pursuant to law or as defined below under Tax-Exempt Property and, as to Improvement Area No. 2, all Assessor's Parcels of Public Urban Parks Property.

"**Tax-Exempt Property**" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property excluding Taxable Property Owner Association Property, or (iii) Assessor's Parcels of Taxable CPF Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"**Taxable Property Owner Association Property**" means all Association Property which is not exempt from the Special Tax pursuant to Section F below.

"**Undeveloped Property**" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property or Taxable Property Owner Association Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within the CFD shall be (a) categorized as being located in either Improvement Area No. 1 or Improvement Area No. 2; (b) classified as Developed Property, Public Urban Parks Property, Approved Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable CPF Property, and (c) subject to the levy of Special Taxes pursuant to Sections D and E below.

Developed Property shall be further assigned to a Land Use Class as specified in Table 1. The Land Use Class of each Assessor's Parcel of Residential Property or Mixed Use Property shall be determined based on the records of the San Diego County Assessor, or other such information provided by the City. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section F below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is undeveloped it shall be classified as Undeveloped Property.

C. MAXIMUM SPECIAL TAX RATE

1. Improvement Area No. 1

a. Developed Property

**TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 14M
within Improvement Area No. 1**

Land Use Class	Description	Maximum Special Tax
1	Apartment Property	\$189.00 per Dwelling Unit
2	Multi-Family Property	\$252.00 per Dwelling Unit
3	Non-Residential Property	\$1,259.00 per Acre

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that may be levied on an Assessor's Parcel shall only be levied on the Residential Property Land Use Class located on that Assessor Parcel(s).

Sample Maximum Special Tax Calculation for Mixed Use (Non-Residential Property and Apartment Property)

Under the proposed example, assume that Assessor's Parcel Number 1 is classified as a Mixed Use Property. Assessor's Parcel Number 1 is a 2 Acre parcel that contains 10,000 square feet of retail shops and Apartment Property with 10 residential dwelling units. The following table shows what the expected annual Maximum Special Tax would be for Assessor's Parcel Number 1.

Assessor Parcel No.	Parcel Acreage	No. of Residential Dwelling Units	Non-Residential Property Maximum Special Tax	Residential Property Maximum Special Tax	Total Annual Maximum Special Tax
1	2.00	10	\$0.00	\$1,890.00	\$1,890.00

(1) The Maximum Special Tax is based upon the initial Maximum Special Tax rates as defined in Table 1.

- b. Approved Property, Undeveloped Property and Taxable Property Owner Association Property within Improvement Area No. 1

The Maximum Special Tax for Approved Property, Undeveloped Property and Taxable Property Owner Association Property shall be \$4,359.00 per Acre.

2. **Improvement Area No. 2**

- a. Public Urban Parks Property

TABLE 2
Maximum Special Tax for Public Urban Parks Property
Community Facilities District No. 14M
within Improvement Area No. 2

Land Use Class	Description	Maximum Special Tax
1	Public Urban Parks Property	\$33,049.00 per Acre

3. **Annual Escalation of Maximum Special Tax**

The Maximum Special Tax for Improvement Area No. 1 and Improvement Area No. 2 as shown in Tables 1 and 2 above that may be levied on each Assessor's Parcel in the CFD shall be adjusted each Fiscal Year beginning in Fiscal Year 2014-15 and thereafter by a factor equal to the greater of, the positive percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) from the base date of June 1, 2013 through June 1 of the prior Fiscal Year, or 0%, provided the Maximum Special Tax shall never be less than the amounts shown in Tables 1 and 2, respectively.

D. **METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR IMPROVEMENT AREA NO. 1**

Commencing with Fiscal Year 2014-15, and for each following Fiscal Year, the Council shall levy the Special Tax in Improvement Area No. 1 at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Improvement Area No. 1 Special Tax Requirement. The Special Tax in Improvement Area No. 1 shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within Improvement Area No. 1 up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Improvement Area No. 1 Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property;

Third: If additional monies are needed to satisfy the Improvement Area No. 1 Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional moneys are needed to satisfy the Improvement Area No. 1 Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Multi-Family Property or Apartment Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 1.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR IMPROVEMENT AREA NO. 2

Commencing with Fiscal Year 2014-15, and for each following Fiscal Year, the Council shall levy the Special Tax Proportionately on all Public Urban Parks Property within Improvement Area No. 2 up to 100% of the Maximum Special Tax as necessary to fully fund the Improvement Area No. 2 Special Tax Requirement.

For the purposes of determining the Improvement Area No. 1 Operating Fund Requirement and the Improvement Area No. 2 Operating Fund Requirement, the City Share shall be the lesser of the amount determined in Step One and Step Two below.

Step One: The City shall calculate the amount equal to 50% of the budgeted costs for maintenance of the Public Urban Parks Property that has been accepted and or maintained by the CFD during the current fiscal year, for the current fiscal year in which the Special Taxes are being levied, and for Public Urban Parks Property that the City anticipates accepting during the upcoming Fiscal Year.

Step Two: As outlined in Section 5.1(a) of the Eastern Urban Center Parks Agreement, each Fiscal Year, after the Council adopts the City's annual operating budget, the City shall calculate the City's total annual public park maintenance cost included in the budget. The City shall also calculate the acreage of public parks that are maintained and

owned by the City and included in the budget (including the Public Urban Parks Property for which the City has accepted title). The total annual cost shall be divided by the total park acreage to determine the City's average annual park maintenance cost per acre for that Fiscal Year. This amount shall be multiplied by 21.51 acres and then multiplied by a fraction, the numerator of which is the acreage of the Public Urban Parks Property for which the City has accepted title and for which the City is currently assessing a Special Tax in anticipation of acceptance by the City and the denominator of which is 10.60 acres. If the amount calculated pursuant to this Step Two is lower than the amount calculated under Step One above, it shall be the City Share unless the City Manager, at his or her own sole discretion, elects to use the higher amount as the City Share in order to maintain the fifty/fifty (50-50) split of maintenance costs as outlined in Section 5.1(a) of the Eastern Urban Parks Agreement.

F. EXEMPTIONS

The CFD Administrator shall classify as Tax-Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as CPF Property that are owned by a non-profit organization which provides proof to the City prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as Tax-Exempt Property within Improvement Area No. 1 those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all Taxable Property within Improvement Area No. 1 to less than 130.39 Acres. Assessor's Parcels defined as Property Owner Association Property and CPF Property that cannot be classified as Tax-Exempt Property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign tax-exempt status in the chronological order in which property becomes exempt Public Property or CPF Property or Tax-Exempt Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or CPF Property or Tax-Exempt Property Owner Association Property, its tax-exempt status will be revoked.

Taxable Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property and Taxable CPF Property. There shall be no Tax-Exempt Property within Improvement Area No. 2.

G. **APPEALS**

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred; the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists; such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

H. **MANNER OF COLLECTION**

Special Taxes levied in Improvement Area No. 1 pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD or as otherwise determined appropriate by the CFD Administrator. Special Taxes levied in Improvement Area No. 2 pursuant to Section E above shall be collected by direct billing by the CFD Administrator, such Special Taxes to be due and payable and shall become delinquent at the same time as Special Taxes levied within Improvement Area No. 1.

I. **TERM OF SPECIAL TAX**

Taxable Property in Improvement Area No. 1 and Improvement Area No. 2 of the CFD shall remain subject to the Special Tax in perpetuity or until the Council takes appropriate actions to terminate the Special Tax in both Improvement Areas pursuant to the Act.