

RESOLUTION NO. 2016-____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA FORMING AND ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 17-I (WESTERN CHULA VISTA DIF FINANCING PROGRAM) AND AUTHORIZING SUBMITTAL OF LEVY OF SPECIAL TAXES WITHIN SUCH COMMUNITY FACILITIES DISTRICT TO THE QUALIFIED ELECTORS THEREOF

WHEREAS, the CITY COUNCIL of the CITY OF CHULA VISTA, CALIFORNIA (the “City Council”), has, by the adoption on February 9, 2016 of Resolution No. 2016-018 (the “Resolution of Intention”), previously declared its intention to form a community facilities district and ordered the preparation of a Community Facilities District Report relating to the initiation of proceedings to create such community facilities district 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 shall hereinafter be referred to as Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) (the “District”); and,

WHEREAS, notice of a public hearing relating to the establishment of the District, the extent of the District, the financing of the payment of certain development impact fee obligations described herein below and all other related matters has been given, and a Community Facilities District Report, as ordered by this City Council, has been presented to this City Council and has been made a part of the record of the hearing to establish such District; and,

WHEREAS, all communications relating to the establishment of the District, the financing of such development impact fee obligations and the rate and method of apportionment of special tax proposed to be levied within the District have been presented, and it has further been determined that a majority protest as defined by law has not been received against these proceedings or the levy of the special tax; and,

WHEREAS, the Registrar of Voters of the County of San Diego has certified that there are no registered voters residing within the proposed boundaries of the District; and

WHEREAS, inasmuch as there have been no registered voters residing within the territory of the District for at least the preceding ninety (90) days, the authorization to levy special taxes within the District shall be submitted to the landowner of the District, such landowner being the qualified elector as authorized by law.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Recitals. The above recitals are all true and correct.

SECTION 2. Determinations. It is hereby determined by this City Council that:

- A. All prior proceedings pertaining to the formation of the District were valid and taken in conformity with the requirements of the law, and specifically the provisions of the Community Facilities District Law, and that this finding and determination is made pursuant to the provisions of Government Code Section 53325.1.
- B. The written protests received, if any, do not represent a majority protest as defined by the applicable provisions of the Community Facilities District Law and as applied to the District and, therefore, the special tax proposed to be levied within the District has not been precluded by majority protest pursuant to Section 53324 of the Government Code of the State of California.
- C. The District as proposed conforms with the City of Chula Vista Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts (the "Goals and Policies"), as amended.
- D. No registered voter has resided within the territory of the District for each of the ninety (90) days preceding the close of the public hearing, therefore, pursuant to the Act the qualified electors of the District shall be the landowners of the District as such term is defined in Government Code Section 53317(f) and each such landowner who is the owner of record as of the close of the public hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that she or he owns within the District.
- E. The time limit specified by the Community Facilities District Law for conducting an election to submit the levy of the special taxes to the qualified electors of the District and the requirements for impartial analysis and ballot arguments have been waived with the unanimous consent of the qualified electors of the District.
- F. The City Clerk, acting as the election official, has consented to conducting any required election on a date which is less than 125 days following the adoption of any resolution forming and establishing the District.

SECTION 3. Community Facilities District Report. The Community Facilities District Report for the District (the "Report"), as now submitted by Willdan Financial Services, Special Tax Consultant, shall stand as the report as required pursuant to Government Code Section 53321.5 for all future proceedings and all terms and contents are approved as set forth therein.

SECTION 4. Name of District. The City Council does hereby establish and declare the formation of the District known and designated as “Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program).”

SECTION 5. Boundaries of District. The boundaries of the District are generally described as follows:

All property within the boundaries of Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program), as shown on a boundary map as previously approved by this City Council, such map designated by the name of this District, a copy of which is on file in the Office of the City Clerk. The boundary map of the proposed District has been filed pursuant to Sections 3111 and 3113 of the Streets and Highways Code of the State of California in the Office of the County Recorder of the County of San Diego, at Page 26 of Book 45 of the Book of Maps of Assessment and Community Facilities Districts for such County as Document No. 2016-7000074.

SECTION 6. Description of the Development Impact Fee Obligations Authorized To Be Financed. A general description of the development impact fee obligations the payment of which are proposed to be financed under these proceedings are those development impact fee obligations imposed by the City in connection with the approval of a development project to be developed on property located within the District. Such fees may include: (i) the Public Facilities Development Impact Fee pursuant to Chula Vista Municipal Code (“CVMC”) section 3.50, et seq. (“PFDIF”); (ii) the Western Transportation Development Impact Fee pursuant to CVMC section 3.55, et seq. (“WTDIF”); and (iii) the Park Development Fee pursuant to CVMC section 17.10, et seq. (“PAD” and together with the PFDIF and TDIF, the “DIFs” and the obligation to pay the DIFs, the “DIF Obligation”).

The proceeds of the payment of the DIF Obligations will pay for facilities which this City Council is authorized by law to contribute revenue to or to construct, own, or operate (the “DIF Facilities”). It is hereby further determined that the DIF Facilities are necessary to meet increased demands and needs placed upon the City as a result of development within the District.

The cost of the payment of DIF Obligations includes certain Incidental Expenses as such term is defined in Government Code Section 53317(e) and may include, but not be limited to, all costs associated with the establishment of the District; the costs of collecting any special taxes; and costs otherwise incurred in order to carry out the authorized purposes of the District.

SECTION 7. SPECIAL TAX. Except where funds are otherwise available, a special tax sufficient to finance the payment of the DIF Obligations and related Incidental Expenses authorized by the Community Facilities District Law, secured by recordation of a continuing lien against all non-exempt real property in the District, is hereby authorized, subject to voter approval, to be levied annually within the boundaries of the District. For further particulars as to the rate and method of

apportionment of the proposed special tax (the “Rate and Method of Apportionment”) reference is made to the attached and incorporated Exhibit A, which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within the proposed District to clearly estimate the maximum amount that such person will have to pay.

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

The special taxes herein proposed, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner at this City Council or its designee shall determine, including, without limitation, direct billing of the affected property owners, and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any special taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the Treasurer of the City of Chula Vista (the “City”), acting for and on behalf of the District.

The special tax obligation for any parcel may be prepaid and permanently satisfied in whole or in part pursuant to the provisions therefor contained in the Rate and Method of Apportionment.

Pursuant to Government Code Section 53340 and except as provided in Government Code Section 53317.3, properties of entities of the state, federal, and local governments shall be exempt from the levy of the Special Tax.

Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California against the property within the District, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the City Council ceases.

SECTION 8. Special Tax Accountability Measures. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, this City Council hereby establishes the following accountability measures pertaining to the levy by the District of the special taxes described in Section 7 above:

- A. The special tax shall be levied for the specific purposes set forth in Section 7 above.
- B. The proceeds of the levy of such special tax shall be applied only to the specific applicable purposes set forth in Section 7 above.

C. The District shall establish a separate account into which the proceeds of such special tax shall be deposited.

D. The City Manager or his or her designee, acting for and on behalf of the District, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3.

SECTION 9. Preparation of Annual Tax Roll. The name, address and telephone number of the office, department or bureau which will be responsible for preparing annually a current roll of special tax levy obligations by Assessor's parcel number and which shall be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California, are as follows:

Engineering Department
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 92010
(619) 691-5021

SECTION 10. Election. This City Council herewith submits the levy of the special taxes to the qualified elector of the District, such elector being the landowner of the property within The District, with such landowner having one (1) vote for each acre or portion thereof of land which he or she owns within the District.

This City Council hereby further directs that the ballot proposition relating to the levy of the above referenced special taxes within The District be combined and consolidated with the proposition set forth in Section 11 below relating to the establishment of an appropriations limit for the District.

The proposition related to the levy of the special taxes, together with a proposition to establish an appropriations limit for the District, shall be submitted to the qualified elector of the District at a special election to be held on (a) March 15, 2016, immediately following the adoption of this resolution or (b) such other date as the qualified elector and the City Clerk may mutually agree and such election shall be a special election to be conducted by the City Clerk (hereinafter referred to as the "Election Official"). If the proposition for the levy of the special taxes receives the approval of more than two-thirds (2/3rds) of the votes cast on the proposition, the special tax thereby approved may be levied as provided for in this Resolution.

SECTION 11. Ballot Propositions. The ballot proposals to be submitted to the qualified elector of the District at the election shall generally be as follows:

PROPOSITION A

Shall Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) of the City of Chula Vista, County of San Diego, State of California, subject to accountability measures set forth in California Government Code Section 50075.1, levy special taxes throughout such community facilities district pursuant to the method of apportioning the special tax set forth in Attachment A to this Official Ballot for the purpose of financing development impact fee obligations imposed by the City in connection with the approval of a development project to be developed on property located within the District. Such fees may include: (i) the Public Facilities Development Impact Fee pursuant to Chula Vista Municipal Code section 3.50, et seq.; (ii) the Western Transportation Development Impact Fee pursuant to CVMC section 3.55, et seq.; and (iii) the Parkland Acquisition & Development Fee pursuant to CVMC section 17.10, et seq. and the cost of administering the levy and collection of the special taxes and the District?

PROPOSITION B

Shall an appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, be established for Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) of the City of Chula Vista, County of San Diego, State of California in the amount of \$25,000,000?

SECTION 12. Vote. The appropriate mark placed in the voting square before the word "YES" shall be counted in favor of the adoption of the proposition, and the appropriate mark placed in the voting square before the word "NO" in the manner as authorized, shall be counted against the adoption of such proposition.

SECTION 13. Election Procedure. The Election Official is hereby authorized to take any and all steps necessary for holding the above election. The Election Official shall perform and render all services and proceedings incidental to and connected with the conduct of the election, including but not limited to, the following:

- A. Prepare and furnish the necessary election supplies for the conduct of the election.
- B. Cause to be printed the requisite number of official ballots, tally sheets and other necessary forms.
- C. Furnish official ballots for the qualified elector of the District.
- D. Cause the official ballots to be presented to the qualified elector, as required by law.
- E. Receive the returns of the election and supplies.

F. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.

G. Canvass the return of the election.

H. Furnish a tabulation of the number of votes given in the election.

I. Conduct and handle all other matters relating to the proceedings and conduct of the election in the manner and form as required by law.

SECTION 14. Survival. If any section, subsection, subdivision, sentence, clause, or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 15. Effective Date of Resolution. This Resolution shall become effective immediately upon its adoption.

PREPARED BY:

APPROVED AS TO FORM BY:

Eric Crockett,
Director of Economic Development

Glen R. Googins,
City Attorney

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Rate and Method of Apportionment of Special Tax Community Facilities District No. 17-I (Western Chula Vista DIF Financing)

A Special Tax shall be levied on each Assessor's Parcel of Taxable Property within the boundaries of Community Facilities District No. 17-I (Western Chula Vista DIF Financing) of the City of Chula Vista (the "City") and collected each Fiscal Year commencing in Special Tax Commencement FY applicable to such Assessor's Parcel, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 17-I, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accrued Interest Obligation" means for each Assessor's Parcel, the amount of interest accrued on the Deferred DIF Obligation from the date of the issuance or grant of a Certificate of Occupancy for such property as determined in accordance with Section 3.D below.

"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. An Acre means 43,560 square feet of land.

"Act" means 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.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel which is equal to the sum of the Annual Special Tax for Facilities and the Annual Special Tax for Accrued Interest in accordance with Section 3.E below.

"Annual Special Tax for Facilities" means the amount of the Special Tax levied on an Assessor's Parcel of Developed Property in any Fiscal Year, commencing with the Special Tax Commencement FY, to satisfy the repayment of the Deferred DIF Obligation over the term of the Special Tax as set forth in Section 7 determined in accordance with Section 3.E below unless the Special Tax Obligation is prepaid pursuant to the provisions of Section 6 thereto.

"Annual Special Tax for Accrued Interest" means the amount levied on an Assessor's Parcel of Developed Property in any Fiscal Year, commencing with the Special Tax Commencement FY, to satisfy the repayment of the Accrued Interest Obligation over the term of the Special Tax as set

forth in Section 7 determined in accordance with Section 3.E below unless the Special Tax Obligation is prepaid pursuant to the provisions of Section 6 thereto..

“Annual Special Tax for Current Interest” means the amount levied on an Assessor’s Parcel of Developed Property in any Fiscal Year, commencing with the Special Tax Commencement FY, to satisfy the requirement to pay interest on unpaid deferred fees during the 20-year repayment period commencing with the Special Tax Commencement FY and ending on June 30th of the Special Tax Final Year.

“Assessor” means the Assessor of the County of San Diego.

“Assessor's Parcel” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

“Assessor's Parcel Number” means the number assigned to an Assessor's Parcel by the Assessor for purposes of identification.

“Assigned Special Tax Obligation” means for each Assessor’s Parcel, the amount determined in accordance with Section 3.B below.

“Building Permit” means a building permit issued by the City for construction of a Residential Unit or Non-Residential Property located within CFD No. 17-I.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

“Certificate of Occupancy” means a certificate issued or approval granted by the City, or other applicable government entity, that authorizes the actual occupancy of a Residential Unit for habitation by one or more residents or the occupancy of Non-Residential Property.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Assigned Special Tax Obligation and the Annual Special Tax, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

“CFD No. 17-I” means the City of Chula Vista Community Facilities District No. 17-I (Western Chula Vista DIF Financing).

“City” means the City of Chula Vista, California.

“Council” means the City Council of the City acting as the legislative body of CFD No. 17-I under the Act.

“County” means the County of San Diego, California.

“Deferred DIF Obligation” means for each Assessor’s Parcel, the remaining balance of DIFs that

have been deferred on such Assessor's Parcel since Building Permit issuance as determined in accordance with Section 3.C below.

"Developed Property" means for each Fiscal Year, all Taxable Property for which a Building Permit was issued prior to May 1 of the previous Fiscal Year. An Assessor's Parcel classified as Developed Property but for which the Building Permit that caused such Assessor's Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property.

"DIF Deferral Agreement" means, as to an Assessor's Parcel, the Agreement for Deferral of Development Impact Fees by and between the owner of such Assessor's Parcel and the City.

"DIF" or **"DIFs"** shall, as to an Assessor's Parcel, have the meaning given such terms in the DIF Deferral Agreement applicable to such Assessor's Parcel.

"Effective Date" shall mean, as to each DIF Deferral Agreement, the effective date of such agreement as specified therein.

"Exempt Property" means for each Fiscal Year, all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

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

"Initial Interest Accrual Date" shall mean, as to any Assessor's Parcel of Developed Property, the date on which the Certificate of Occupancy for such Assessor's Parcel is issued.

"Initial Accrued Interest Obligation FY" shall mean, as to any Assessor's Parcel of Developed Property, the Fiscal Year in which the Initial Interest Accrual Date for such Assessor's Parcel falls.

"Maximum Special Tax Obligation" means for each Assessor's Parcel, the amount assigned in accordance with Sections 3.A below.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential structures or facilities.

"Original Parcel" means an Assessor's Parcel within the boundaries of CFD No. 17-I that was assigned a Maximum Special Tax Obligation and an Assigned Special Tax Obligation in the prior Fiscal Year but has been subsequently subdivided into Successor Parcels for the current Fiscal Year.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel as described in Section 6.A below.

"Property Owner Association Property" means any Assessor's Parcel within the boundaries of CFD No. 17-I owned in fee by a property owner association, including any master or sub-association.

“Public Property” means any property within the boundaries of CFD No. 17-I, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Special Tax” means any special tax levied within CFD No. 17-I pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

“Special Tax Commencement FY” shall mean, as to each Assessor’s Parcel classified as Developed Property, the Fiscal Year falling after the first day of the eleventh calendar year after the Effective Date of the DIF Deferral Agreement applicable to such Assessor’s Parcel.

“Special Tax Final FY” shall mean, as to each Assessor’s Parcel of Developed Property, the Fiscal Year commencing on July 1 of nineteenth (19th) Fiscal Year following the Special Tax Commencement FY.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Developed Property to pay the Special Tax for the remaining term of the Special Tax applicable to such Assessor’s Parcel.

“Successor Parcel” means an Assessor’s Parcel created by the Subdivision of one or more Original Parcels pursuant to Section 4 below.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 17-I, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel within CFD No. 17-I shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below.

3. SPECIAL TAX RATES

A. Maximum Special Tax Obligation

The Maximum Special Tax Obligation applicable to an Assessor's Parcel subject to a DIF Deferral Agreement in the Initial Fiscal Year applicable to such Assessor's Parcel shall be determined pursuant to Table 1 below.

**Table 1
Initial Fiscal Year Maximum Special Tax Obligation**

Assessor's Parcel No.	Maximum Special Tax Obligation
618-010-17	1,600,000

Commencing on July 1 of the Fiscal Year following the Initial Interest Accrual Date, the Maximum Special Tax Obligation for such Assessor's Parcel shall increase on July 1 of each Fiscal Year by an amount equal to two percent (2%) of the Maximum Special Tax Obligation in effect for the prior Fiscal Year.

B. Assigned Special Tax Obligation

On July 1 of each Fiscal Year commencing the Special Tax Commencement FY, the CFD Administrator shall determine the Assigned Special Tax Obligation for that Fiscal Year.

The Assigned Special Tax Obligation in any given Fiscal Year commencing the Special Tax Commencement FY shall be the sum of the Deferred DIF Obligation plus the Accrued Interest Obligation. If for any Fiscal Year the Assigned Special Tax Obligation is determined to be greater than the Maximum Special Tax Obligation, then the Assigned Special Tax Obligation shall be equal to the Maximum Special Tax Obligation.

C. Deferred DIF Obligation

The Deferred DIF Obligation applicable to an Assessor's Parcel classified as Undeveloped Property shall be zero.

The initial Deferred DIF Obligation applicable to an Assessor's Parcel classified as Developed Property shall be determined by the CFD Administrator at the time of issuance of a Building Permit for such Assessor's Parcel. The Deferred DIF Obligation shall be equal to the sum of the applicable DIFs specified in the DIF Deferral Agreement for each Building Permit issued for Assessor's Parcels within CFD No. 17-I. The amount of each DIF included in the DIF Fee Obligation for an Assessor's Parcel shall be based on the fee schedule applicable to such DIF in effect at the time of issuance of such Building Permit.

The Deferred DIF Obligation in any Fiscal Year applicable to an Assessor's Parcel of Developed Property shall be equal to the Deferred DIF Obligation in the prior Fiscal Year less any Annual Special Tax for Facilities payments made in the prior Fiscal Year.

If a partial prepayment is made pursuant to Section 6.B below, the Deferred DIF Obligation will also be reduced by the applicable amount of the Deferred DIF Obligation that was prepaid.

D. Accrued Interest Obligation

The Accrued Interest Obligation in the Initial Fiscal Year applicable to an Assessor's Parcel classified as Developed Property for which a Certificate of Occupancy has not been issued prior to July 1 of such Fiscal Year shall be zero.

The Accrued Interest Obligation applicable to any Assessor's Parcel classified as Developed Property shall commence to accrue on the Initial Interest Accrual Date. The Accrued Interest Obligation applicable to such Assessor's Parcel in the Initial Accrued Interest Obligation FY shall be equal to two percent (2%) of the Deferred DIF Obligation as of July 1 of such Fiscal Year multiplied by a fraction the numerator of which is the number of calendar days from and including the Initial Interest Accrual Date to and including June 30th of such Fiscal Year and the denominator of which is 365. The Accrued Interest Obligation for each subsequent Fiscal Year prior to the Special Tax Commencement FY shall be equal to the Accrued Interest Obligation in the prior Fiscal Year plus two percent (2%) of the Deferred DIF Obligation as of July 1 of the prior Fiscal Year.

The Accrued Interest Obligation in the Special Tax Commencement FY and each subsequent Fiscal Year applicable to an Assessor's Parcel classified as Developed Property shall be equal to the Accrued Interest Obligation as of July 1 of the prior Fiscal Year less any Annual Special Tax for Accrued Interest payments made in the prior Fiscal Year.

If a partial prepayment is made pursuant to Section 6.B below, the Deferred DIF Obligation will also be reduced by the applicable amount of the Accrued Interest Obligation that was prepaid.

E. Annual Special Tax

The Annual Special Tax for Developed Property in any Fiscal Year commencing the Special Tax Commencement FY shall be equal to (i) the Annual Special Tax for Facilities plus (ii) the Annual Special Tax for Accrued Interest plus (iii) the Annual Special Tax for Current Interest.

The Annual Special Tax for Facilities in any Fiscal Year commencing the Special Tax Commencement FY shall be equal to the Deferred DIF Obligation on July 1 of the Special Tax Commencement FY times the Repayment Rate in Table 2 below that corresponds with such Fiscal Year. In each subsequent Fiscal Year, the Annual Special Tax for Facilities will remain unchanged until the Deferred DIF Obligation is paid in full.

The Annual Special Tax for Accrued Interest in any Fiscal Year commencing the Special Tax Commencement FY shall be equal to the Accrued Interest Obligation on July 1 of the Special Tax Commencement FY times the Repayment Rate in Table 2 below that

corresponds with such Fiscal Year. In each subsequent Fiscal Year, the Annual Special Tax for Accrued Interest will remain unchanged until the Accrued Interest Obligation is paid in full.

The Annual Special Tax for Current Interest in any Fiscal Year commencing the Special Tax Commencement FY shall be equal to the Deferred DIF Obligation on July 1 of such Fiscal Year times the Current Interest Rate in Table 2 below that corresponds with such Fiscal Year.

**Table 2
Amortization Table**

Fiscal Year	Repayment Rate	Current Interest Rate
Initial Accrued Interest Obligation FY through the Fiscal Year preceding the Special Tax Commencement FY	0%	0%
Special Tax Commencement FY through the Special Tax Final FY	5%	2%

4. METHOD OF APPORTIONMENT

Commencing with the Special Tax Commencement FY and for each following Fiscal Year, the CFD Administrator shall apportion the Assigned Special Tax Obligation as set forth below.

First: All Original Parcels that are reflected on the Assessor’s Parcel Maps applicable to the current Fiscal Year will be assigned a Maximum Special Tax Obligation and Assigned Special Tax Obligation in accordance with Section 3 above.

Second: All Original Parcels that are not reflected on the Assessor’s Parcel Maps applicable to the current Fiscal Year will be assigned a Maximum Special Tax Obligation and Assigned Special Tax Obligation in accordance with Section 3 above as if such parcels still existed in their previous form.

Third: The Maximum Special Tax Obligation and Assigned Special Tax Obligation that were calculated in the Second step above will be assigned to each applicable Successor Parcel based on the amount of Taxable Acreage contained in such Successor Parcel divided by the amount of Taxable Acreage contained in the relevant Original Parcel. The sum of the Maximum Special Tax Obligations of each group of Successor Parcels shall be equal to Maximum Special Tax Obligation of the applicable Original Parcel that was determined in the Second step. Likewise, the sum of the Assigned Special Tax Obligations of each group of Successor Parcels shall be equal to Assigned Special Tax Obligation of the applicable Original Parcel that was determined in the Second step.

Fourth: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at 100% of the applicable Annual Special Tax.

Successor Parcels that are assigned a Maximum Special Tax Obligation and an Assigned Special Tax Obligation in the current Fiscal Year will be considered Original Parcels in the following Fiscal Year.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor's Parcel within CFD No. 17-I by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

5. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Annual Special Taxes.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

A. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344.

The Special Tax Obligation applicable to an Assessor's Parcel of Developed Property, or Undeveloped Property for which a Building Permit has been issued may be prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel eligible to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay, and designate or identify the company or agency that will be acting as

the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30) days of the request, and may charge a reasonable fee for providing this service. The Prepayment Amount (defined below) shall be calculated for each applicable Assessor's Parcel or group of Assessor's Parcels as summarized below (capitalized terms as defined below):

Deferred DIF Obligation
plus Accrued Interest Obligation
plus Prepayment Administrative Fees and Expenses
Total: equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined in Step 14 below) shall be calculated as follows:

Step No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, determine the Deferred DIF Obligation and the Accrued Interest Obligation. For Assessor's Parcels of Undeveloped Property for which a Building Permit has been issued, compute the Deferred DIF Obligation for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
3. Calculate the administrative fees and expenses of CFD No. 17-I, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 17-I, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees").
4. The amount to prepay the Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 1, 2 and 3 (the "Prepayment Amount").
5. The Prepayment Amount shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 3 shall be retained by CFD No. 17-I.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall

cease.

B. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A, except that a partial prepayment shall be calculated according to the following formula:

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

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section 6.A

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax Obligation

A = the Prepayment Administrative Fees and Expenses from Section 6.A

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 17-I that there has been a partial prepayment of the Special Tax Obligation and that the remaining Special Tax Obligation of such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Deferred DIF Obligation and the Accrued Interest Obligation, shall continue to be levied on such Assessor's Parcel in the same manner as before the Partial Prepayment.

7. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to satisfy the Assigned Special Tax Obligation for a period not to exceed thirty (30) Fiscal Years commencing with Special Tax Commencement FY, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all CFD No. 17-I obligations have been satisfied.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) 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, (iv) Assessor's Parcels with public or utility easements making

impractical their utilization for other than the purposes set forth in the easement, and (v) Assessor's Parcels of Developed Property classified as Non-Residential Property as determined reasonably by the CFD Administrator.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation the CFD Administrator determines that an error has occurred, then 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 on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,

(ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or

(iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the City Council. Upon the receipt of such notice, the City Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the City Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

The City Council or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Council or designee shall be final.