

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA, DECLARING INTENTION TO AUTHORIZE THE ANNEXATION IN THE FUTURE TO COMMUNITY FACILITIES DISTRICT NO. 17-I (WESTERN CHULA VISTA DIF FINANCING PROGRAM). AND SETTING THE PUBLIC HEARING TO CONSIDER SUCH ANNEXATION

WHEREAS, the CITY COUNCIL of the CITY OF CHULA VISTA, CALIFORNIA (“City Council”), desires to initiate proceedings to authorize the annexation in the future of certain territory to Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) (the “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”); and

WHEREAS, it is determined to be within the public interest and convenience to establish a procedure to allow and provide for future annexations to the District and further to specify the amount of special tax that would be levied and set forth the terms and conditions for certification of any annexation in the future; and

WHEREAS, the territory proposed to be authorized to be annexed in the future shall be known and designated as Future Annexation Area, Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) (the "Future Annexation Area"), and a map designated as "Future Annexation Area, Community Facilities District No. No. 17-I (Western Chula Vista DIF Financing Program), City of Chula Vista, County of San Diego, State of California" (the “Future Annexation Area Boundary Map”) showing the territory proposed to be authorized to be annexed in the future has been previously submitted and approved and a copy thereof shall be kept on file with the transcript of these proceedings.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City of Chula Vista, that:

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

SECTION 2. Authorization. These proceedings for future annexations are authorized and initiated by this legislative body pursuant to the authorization of the Community Facilities District Law and specifically Section 53339.2 of the Government Code of the State of California.

SECTION 3. Public Convenience and Necessity. This City Council hereby determines that the public convenience and necessity requires a procedure to allow and authorize territory to be annexed in the future to the District in order to finance the payment of the DIF Obligations (defined below) for the territory that is annexed to the District.

SECTION 4. Boundaries of the District and the Future Annexation Area. A general description of the territory included in the District is hereinafter described as follows:

All that property and territory as previously included within District, as said property was shown on a map as approved by this City Council designated as "Proposed Boundary Map of Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program), City of Chula Vista, County of San Diego, State of California," a copy of which is on file in the Office of the City Clerk and shall remain open for public inspection.

A description of the boundaries and territory proposed to be authorized to be annexed in the future includes all that property and territory shown on the Future Annexation Area Boundary Map, a copy of which is on file in the Office of the City Clerk and shall remain open for public inspection.

Future annexation proceedings may only be completed with the unanimous consent of the owner or owners of any parcel proposed for annexation.

SECTION 5. Name of the District and Future Annexation Area. The name of the District is Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) of the City of Chula Vista, and the designation for the Future Annexation Area shall be Future Annexation Area, Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program).

SECTION 6. Description of the Development Impact Fee Obligations and the Related Facilities. It is the intention of this City Council to finance the payment of the development impact fees imposed by the City in connection with the approval of a development project on property located in the District or on property annexed to the District in the future. 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. ("TDIF"); 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 legislative body 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 or any territory annexed to the District in the future.

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 Taxes. It is hereby further proposed that, except where funds are otherwise available, a special tax sufficient to finance the payment of the DIF Obligations (the “Special Tax”) for the territory of the Future Annexation Area upon the annexation of such territory to the District and related Incidental Expenses authorized by the Act, secured by recordation of a continuing lien against all non-exempt territory in the Future Annexation Area that annexes to the District, will be levied annually within the boundaries of such territory upon the annexation thereof to the District. For further particulars as to the rates 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 rates and method of apportionment of the Special Tax to allow each landowner or resident within the territory in the proposed Future Annexation Area to clearly estimate the maximum amount of the Special Tax that such person will have to pay upon the annexation of such territory to the District. The Special Tax for any parcel may be prepaid and permanently satisfied in whole or in part pursuant to the provisions of the Rate and Method of Apportionment.

Notwithstanding the foregoing, if the actual cost of the DIF Obligation applicable to any parcel within the proposed Future Annexation Area is higher or lower than the cost of the DIF Obligation applicable to the parcels within the existing District, a higher or lower Special Tax may be levied on such parcel within the proposed Future Annexation Area subject to the unanimous approval and election of the owner or owners of such parcel. In any such circumstance, the Rate and Method of Apportionment may be revised to reflect the higher or lower Special Tax, as applicable.

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 Tax herein proposed, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner as 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 Tax 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.

SECTION 8. Effective Date of Future Annexation. Annexation of any parcel in the Future Annexation Area to the District in the future shall be effective only upon the unanimous approval and election of the owner or owners of any such parcel authorizing the levy of the Special Tax upon such parcel following the annexation of such parcel to District and only after the owner or owners of such parcel enter into a written agreement with the City (“Agreement for Deferral of Development Impact Fees,” in the form previously approved by the City and on file in the Office of the City Clerk), and no further public hearings or additional proceedings will be required to accomplish such annexation.

SECTION 9. Public Hearing. NOTICE IS GIVEN THAT ON MARCH 15, 2016 AT 5 PM, OR AS SOON THEREAFTER AS THE PUBLIC HEARING MAY BE CALLED, IN THE REGULAR MEETING PLACE OF THE CITY COUNCIL OF BEING THE COUNCIL CHAMBERS, CITY HALL, LOCATED AT 276 FOURTH AVENUE, CHULA VISTA, CALIFORNIA, A PUBLIC HEARING WILL BE HELD WHERE THIS CITY COUNCIL WILL CONSIDER THE AUTHORIZATION FOR ANNEXATION OF CERTAIN TERRITORY IN THE FUTURE TO THE DISTRICT, THE PROPOSED METHOD AND APPORTIONMENT OF THE SPECIAL TAX TO BE LEVIED WITHIN SAID PROPOSED FUTURE ANNEXATION AREA, UPON THE ANNEXATION THEREOF TO THE DISTRICT, AND ALL OTHER MATTERS AS SET FORTH IN THIS RESOLUTION OF INTENTION. ANY INTERESTED PERSONS MAY APPEAR AND BE HEARD, AND WRITTEN PROTESTS SHALL BE FILED ON OR BEFORE THE TIME FIXED FOR THE PUBLIC HEARING.

SECTION 10. Notice. Notice of the time and place of the public hearing shall be given by the City Clerk by causing the publication of a Notice of Public Hearing in the legally designated newspaper of general circulation, such publication pursuant to Section 6061 of the Government Code, with such publication to be completed at least seven (7) days prior to the date set for the public hearing.

SECTION 11. 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 of the City of Chula Vista 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 12. 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

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 FY 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 FY 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 FY, 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 FY, 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 FY, 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 FY, all Taxable Property for which a Building Permit was issued prior to May 1 of the previous FY. 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 FY 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 FY, 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” or **“FY”** means the period starting on July 1 and ending the following June 30.

“Initial Fiscal Year” means, as to any Assessor’s Parcel subject to a DIF Deferral Agreement, the FY in which the Effective Date of such DIF Deferral Agreement falls.

“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 FY 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 FY but has been subsequently subdivided into Successor Parcels for the current FY.

“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.

“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 FY 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 FY commencing on July 1 of nineteenth (19th) FY 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 FY, all Taxable Property not classified as Developed Property.

2. LAND USE CLASSIFICATION

Each FY, beginning with FY 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 FY applicable to such Assessor's Parcel shall be determined pursuant to Table 1 below.

Table 1
Initial FY Maximum Special Tax Obligation

Assessor's Parcel No.	Maximum Special Tax Obligation

The Maximum Special Tax Obligation applicable to an Assessor's Parcel subject to a DIF Deferral Agreement shall be subject to escalation by the increase in any DIF included in the Deferred DIF Obligation between amount of such DIF in effect on the Effective Date of such DIF Deferral Agreement and the amount of such DIF in effect on the date of issuance of the first Building Permit for development of such Assessor's Parcel.

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

B. Assigned Special Tax Obligation

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

The Assigned Special Tax Obligation in any given FY commencing the Special Tax Commencement FY shall be the sum of the Deferred DIF Obligation plus the Accrued Interest Obligation. If for any FY 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 specified in the DIF Deferral Agreement 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 FY applicable to an Assessor's Parcel of Developed Property shall be equal to the Deferred DIF Obligation in the prior FY less any Annual Special Tax for Facilities payments made in the prior FY.

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 FY and each subsequent FY prior to the Initial Accrued Interest Obligation FY 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 FY 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 FY 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 FY and the denominator of which is 365. The Accrued Interest Obligation for each subsequent FY prior to the Special Tax Commencement FY shall be equal to the Accrued Interest Obligation in the prior FY plus two percent (2%) of the Deferred DIF Obligation as of July 1 of the prior FY.

The Accrued Interest Obligation in the Special Tax Commencement FY and each subsequent FY 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 FY less any Annual Special Tax for Accrued Interest payments made in the prior FY.

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 FY 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 FY 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 specified in Table 2 below that corresponds with such FY. In each subsequent FY, 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 FY 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 specified in Table 2 below that corresponds with such FY. In each subsequent FY, 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 FY commencing the Special Tax Commencement FY shall be equal to the Deferred DIF Obligation on July 1 of such FY times the Current Interest Rate in Table 2 below that corresponds with such FY.

**Table 2
Amortization Table**

Fiscal Year	Repayment Rate	Current Interest Rate
Initial Accrued Interest Obligation FY through the FY 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 FY, 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 FY 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 FY 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 FY will be considered Original Parcels in the following FY.

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 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”).

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 notice of cancellation of Special Tax lien 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) FYs commencing with Special Tax Commencement FY, provided however that the Special Tax will cease to be levied in an earlier FY if the CFD Administrator has determined that all CFD No. 17-I obligations have been satisfied.

8. EXEMPTIONS

The CFD Administrator shall classify only Assessor's Parcels of Public Property as Exempt Property (i) Assessor's Parcels of Public Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as Public Property, per the first paragraph of Section 8 above 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 FY 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.