



City of Chula Vista
Community Facilities District No. 17-I
(Western Chula Vista DIF Financing Program)

CFD Report

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EXHIBIT A – BOUNDARY MAP

EXHIBIT B – FUTURE ANNEXATION AREA

EXHIBIT C – RATE AND METHOD OF APPORTIONMENT

I. Introduction

WHEREAS, the City Council of the City of Chula Vista (hereinafter referred to as the “City Council”), in the State of California, did, pursuant to the terms and provisions of Chapter 2.5 of Part 1, of Division 2, of Title 5 of the Government Code of the State of California, as amended (the “Act”), adopted a Resolution of Intention for the proposed formation of City of Chula Vista Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) (“CFD No. 17-I”).

WHEREAS, this Community Facilities District Report (“Report”) is being provided to the City Council and generally contains the following:

1. A brief description of Community Facilities District No. 17-I (Western Chula Vista DIF Financing Program) of the City of Chula Vista (“CFD NO. 17-I”);
2. A brief description of the Facilities required at the time of formation to meet the needs of CFD No. 17-I.
3. A brief description of the Boundaries of CFD 17-I; and
4. An estimate of the cost of financing the bonds used to pay for the Facilities, including all costs associated with formation of the District, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District, and any other incidental expenses to be paid through the proposed financing.

For particulars, reference is made to the Resolution of Intention, Resolution No. 6301 as previously approved. All capitalized terms not defined herein are defined in the Rate and Method of Apportionment of Special Tax section (Exhibit C) of this report.

NOW THEREFORE Willdan Financial Services, the appointed responsible firm directed to prepare the Report, pursuant to the provisions of the Code, does hereby submit the following:

II. General Description & Boundaries of CFD No. 17-I

A description of the exterior boundaries of the territory proposed for inclusion in CFD No. 17-I, including properties and parcels of land proposed to be subject to the levy of a Special Tax by CFD No. 17-I, is shown on the boundary map designated as “PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 17-I (WESTERN CHULA VISTA DIF FINANCING)”, which is on file in the office of the Clerk of the City Council of the City of Chula Vista and was recorded with the County Recorder of the County of San Diego in Book 45 of Maps of Assessment and Community Facilities Districts at page 26 and as Instrument Number 2016-7000074. A copy of the map is attached hereto as Exhibit A and hereby incorporated by reference.

A description of the exterior boundaries of the future annexation area of CFD No. 17-I, including properties and parcels of land that may use an expedited process to annex to CFD No. 17-I, is shown on the boundary map designated as “FUTURE ANNEXATION AREA COMMUNITY FACILITIES DISTRICT NO. 17-I (WESTERN CHULA VISTA DIF FINANCING)”, which is on file in the office of the Clerk of the City Council of the City of Chula Vista and was recorded with the County Recorder of the County of San Diego in Book 45 of Maps of Assessment and Community Facilities Districts at page 33 and as Instrument Number 2016-7000075. A copy of the map is attached hereto as Exhibit B and hereby incorporated by reference.

III. Description of Facilities

The General Description of the Facilities that may be acquired or constructed is as follows:

- the Public Facilities Development Impact Fee pursuant to Chula Vista Municipal Code (“CVMC”) section 3.50, et seq. (“PFDIF”);
- the Western Transportation Development Impact Fee pursuant to CVMC section 3.55, et seq. (“TDIF”);
- the Park Development Fee pursuant to CVMC section 17.10, et seq. (“PAD”);
- 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

This description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in the Report.

IV. Cost Estimates

The proceeds of CFD No. 17-I will be used to fund deferred development impact fees in the estimated amount of approximately \$1,366,800. This amount may be revised at the time of Building Permit issuance to equal the exact fee amount to be deferred.

V. Rate and Method of Apportionment of Special Tax

The Rate and Method of Apportionment (RMA) provide sufficient information to allow a property owner within CFD No. 17-1 to estimate the Maximum Special Tax for his or her property. It also includes method of prepayment in full or prepayment in part and the procedure for prepayments.

For particulars on the rate and method of apportionment, reference is made to Exhibit C of this report.

EXHIBIT A

Boundary Map

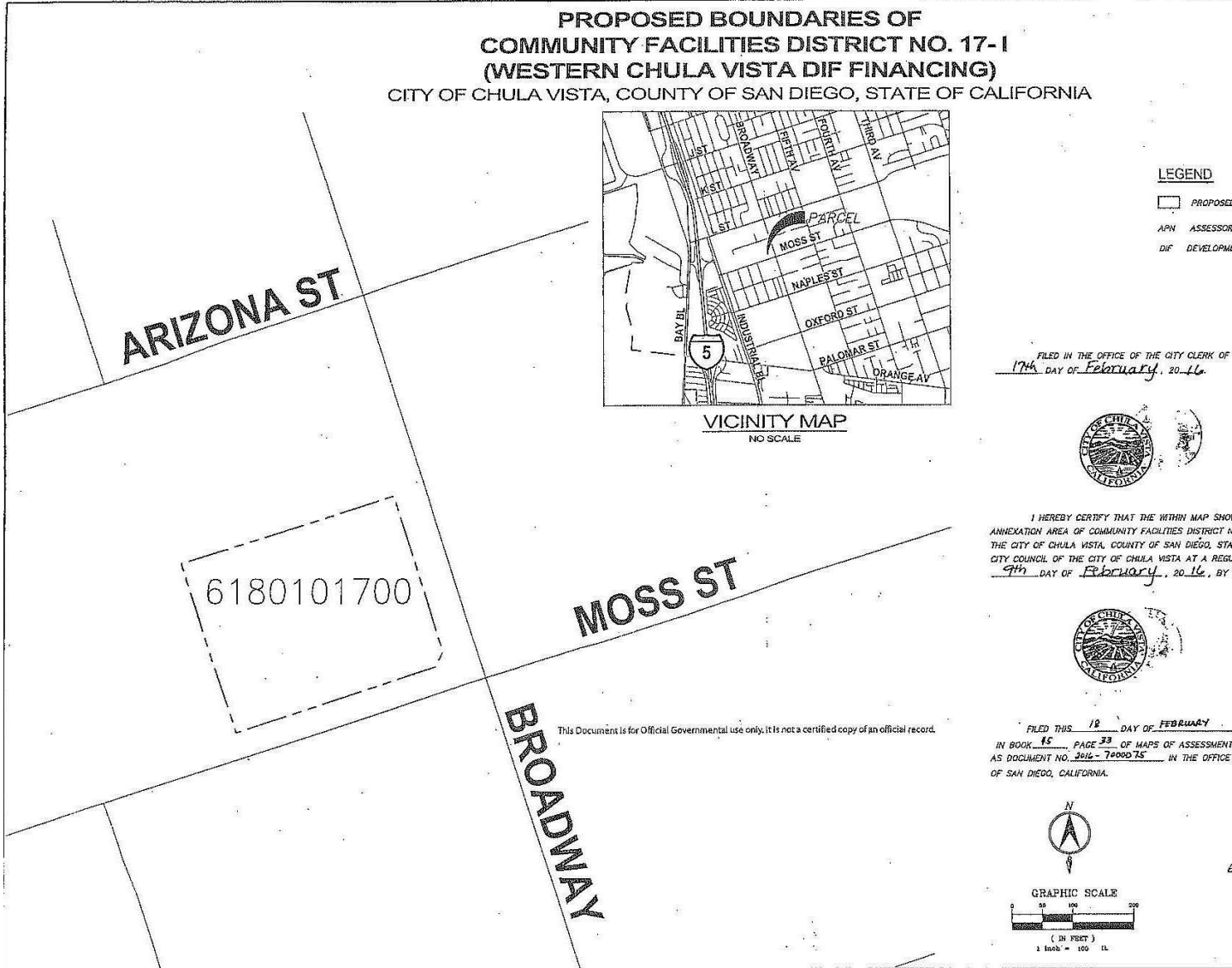


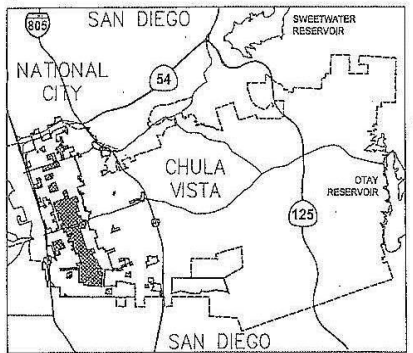
EXHIBIT B

Future Annexation Area

**FUTURE ANNEXATION AREA
COMMUNITY FACILITIES DISTRICT NO. 17-1
(WESTERN CHULA VISTA DIF FINANCING)**

SHEET 1 OF 7 SHEETS

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



VICINITY MAP
NO SCALE

- LEGEND**
- FUTURE ANNEXATION AREA BOUNDARY
 - NOT PART OF THE FUTURE ANNEXATION AREA BOUNDARY
 - CHULA VISTA CITY LIMIT
 - APN ASSESSOR'S PARCEL NUMBER
 - DIF DEVELOPMENT IMPACT FEE

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF CHULA VISTA THIS
17th DAY OF February, 2016.



Alma R. Norris
CITY CLERK
CITY OF CHULA VISTA
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITH MAP SHOWING PROPOSED BOUNDARIES OF THE FUTURE ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT NO. 17-1 (WEST END DIF FINANCING) OF THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CHULA VISTA AT A REGULAR MEETING THEREOF, HELD ON THE 9th DAY OF February, 2016, BY ITS RESOLUTION NO. 2016-019.



Alma R. Norris
CITY CLERK
CITY OF CHULA VISTA
STATE OF CALIFORNIA

FILED THIS 18 DAY OF FEBRUARY, 2016 AT THE HOUR OF 9:23 O'CLOCK A.M.
IN BOOK 45, PAGE 26 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS
AS DOCUMENT NO. 2016-7000074 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY
OF SAN DIEGO, CALIFORNIA.



CCarrio
COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA
ERNEST J. DRONENBURG, JR.

QUALITY CITY MAPS, INC. 12110 City of Chula Vista, CA 92015-12110. All Rights Reserved. 12/15/10. 1000000

BK 45 PG 26

2016-7000074

2016-7000074

BK 45 PG 26

FUTURE ANNEXATION AREA
COMMUNITY FACILITIES DISTRICT NO. 17 - I
(WESTERN CHULA VISTA DIF FINANCING)
CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 3 OF 7 SHEETS

2016-7000074
BK45 PG28

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**FUTURE ANNEXATION AREA
COMMUNITY FACILITIES DISTRICT NO. 17 - I
(WESTERN CHULA VISTA DIF FINANCING)**

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

APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #	APN #
629020202	629130140	629060278	629110545	644040850	644230110	775670361	775670366	775670373	775670382	775670396	775670910	7756721045	7757107349	775691251	775691322	775691322	775691322
629020203	629130160	629060279	629110546	644040851	644230120	775670362	775670367	775670374	775670383	775670397	775670911	7756721046	7757107350	775691252	775691323	775691323	775691323
629020204	629130170	629060280	629110547	644040852	644230130	775670363	775670368	775670375	775670384	775670403	775670912	7756721047	7757107351	775691253	775691324	775691324	775691324
629020205	629130180	629060281	629110548	644040853	644230140	775670364	775670369	775670376	775670385	775670404	775670913	7756721048	7757107352	775691254	775691325	775691325	775691325
629020206	629130210	629060282	629110549	644040854	644230150	775670365	775670370	775670377	775670386	775670405	775670914	7756721049	7757107353	775691255	775691326	775691326	775691326
629020207	629130220	629060283	629110550	644040855	644230160	775670366	775670371	775670378	775670387	775670406	775670915	7756721050	7757107354	775691256	775691327	775691327	775691327
629020208	629130230	629060284	629110551	644040856	644230170	775670367	775670372	775670379	775670388	775670407	775670916	7756721051	7757107355	775691257	775691328	775691328	775691328
629020209	629130240	629060285	629110552	644040857	644230180	775670368	775670373	775670380	775670389	775670408	775670917	7756721052	7757107356	775691258	775691329	775691329	775691329
629020210	629130250	629060286	629110553	644040858	644230190	775670369	775670374	775670381	775670390	775670409	775670918	7756721053	7757107357	775691259	775691330	775691330	775691330
629020211	629130260	629060287	629110554	644040859	644230200	775670370	775670375	775670382	775670391	775670410	775670919	7756721054	7757107358	775691260	775691331	775691331	775691331
629020212	629130270	629060288	629110555	644040860	644230210	775670371	775670376	775670383	775670392	775670411	775670920	7756721055	7757107359	775691261	775691332	775691332	775691332
629100040	629130280	629060289	629110556	644040861	644230220	775670372	775670377	775670384	775670393	775670412	775670921	7756721056	7757107360	775691262	775691333	775691333	775691333
629100080	629130290	629060290	629110557	644040862	644230230	775670373	775670378	775670385	775670394	775670413	775670922	7756721057	7757107361	775691263	775691334	775691334	775691334
629100140	629130300	629060291	629110558	644040863	644230240	775670374	775670379	775670386	775670395	775670414	775670923	7756721058	7757107362	775691264	775691335	775691335	775691335
629100190	629130310	629060292	629110559	644040864	644230250	775670375	775670380	775670387	775670396	775670415	775670924	7756721059	7757107363	775691265	775691336	775691336	775691336
629100240	629130320	629060293	629110560	644040865	644230260	775670376	775670381	775670388	775670397	775670416	775670925	7756721060	7757107364	775691266	775691337	775691337	775691337
629100290	629130330	629060294	629110561	644040866	644230270	775670377	775670382	775670389	775670398	775670417	775670926	7756721061	7757107365	775691267	775691338	775691338	775691338
629100340	629130340	629060295	629110562	644040867	644230280	775670378	775670383	775670390	775670399	775670418	775670927	7756721062	7757107366	775691268	775691339	775691339	775691339
629100390	629130350	629060296	629110563	644040868	644230290	775670379	775670384	775670391	775670400	775670419	775670928	7756721063	7757107367	775691269	775691340	775691340	775691340
629100440	629130360	629060297	629110564	644040869	644230300	775670380	775670385	775670392	775670401	775670420	775670929	7756721064	7757107368	775691270	775691341	775691341	775691341
629100490	629130370	629060298	629110565	644040870	644230310	775670381	775670386	775670393	775670402	775670421	775670930	7756721065	7757107369	775691271	775691342	775691342	775691342
629100540	629130380	629060299	629110566	644040871	644230320	775670382	775670387	775670394	775670403	775670422	775670931	7756721066	7757107370	775691272	775691343	775691343	775691343
629100590	629130390	629060300	629110567	644040872	644230330	775670383	775670388	775670395	775670404	775670423	775670932	7756721067	7757107371	775691273	775691344	775691344	775691344
629100640	629130400	629060301	629110568	644040873	644230340	775670384	775670389	775670396	775670405	775670424	775670933	7756721068	7757107372	775691274	775691345	775691345	775691345
629100690	629130410	629060302	629110569	644040874	644230350	775670385	775670390	775670397	775670406	775670425	775670934	7756721069	7757107373	775691275	775691346	775691346	775691346
629100740	629130420	629060303	629110570	644040875	644230360	775670386	775670391	775670398	775670407	775670426	775670935	7756721070	7757107374	775691276	775691347	775691347	775691347
629100790	629130430	629060304	629110571	644040876	644230370	775670387	775670392	775670399	775670408	775670427	775670936	7756721071	7757107375	775691277	775691348	775691348	775691348
629100840	629130440	629060305	629110572	644040877	644230380	775670388	775670393	775670400	775670409	775670428	775670937	7756721072	7757107376	775691278	775691349	775691349	775691349
629100890	629130450	629060306	629110573	644040878	644230390	775670389	775670394	775670401	775670410	775670429	775670938	7756721073	7757107377	775691279	775691350	775691350	775691350
629100940	629130460	629060307	629110574	644040879	644230400	775670390	775670395	775670402	775670411	775670430	775670939	7756721074	7757107378	775691280	775691351	775691351	775691351
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629101090	629130490	629060310	629110577	644040882	644230430	775670393	775670398	775670405	775670414	775670433	775670942	7756721077	7757107381	775691283	775691354	775691354	775691354
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629101190	629130510	629060312	629110579	644040884	644230450	775670395	775670400	775670407	775670416	775670435	775670944	7756721079	7757107383	775691285	775691356	775691356	775691356
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629101290	629130530	629060314	629110581	644040886	644230470	775670397	775670402	775670409	775670418	775670437	775670946	7756721081	7757107385	775691287	775691358	775691358	775691358
629101340	629130540	629060315	629110582	644040887	644230480	775670398	775670403	775670410	775670419	775670438	775670947	7756721082	7757107386	775691288	775691359	775691359	775691359
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629101590	629130590	629060320	629110587	644040892	644230530	775670403	775670408	775670415	775670424	775670443	775670952	7756721087	7757107391	775691293	775691364	775691364	775691364
629101640	629130600	629060321	629110588	644040893	644230540	775670404	775670409	775670416	775670425	775670444	775670953	7756721088	7757107392	775691294	775691365	775691365	775691365
629101690	629130610	629060322	629110589	644040894	644230550	775670405	775670410	775670417	775670426	775670445	775670954	7756721089	7757107393	775691295	775691366	775691366	775691366
629101740	629130620	629060323	629110590	644040895	644230560	775670406	775670411	775670418	775670427	775670446	775670955	7756721090	7757107394	775691296	775691367	775691367	775691367
629101790	629130630	629060324	629110591	6440													

EXHIBIT C

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 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:

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

These terms have the following meaning:

PP = the partial prepayment

PE = 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.