

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA
ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 14M-2 (EASTERN URBAN
CENTER/MILLENIA) FORMING AND ESTABLISHING SUCH
COMMUNITY FACILITIES DISTRICT, AND AUTHORIZING SUBMITTAL
OF THE LEVY OF SPECIAL TAXES TO THE QUALIFIED ELECTORS OF
SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the City Council of the City of Chula Vista, California (the “City Council”), has 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. 14M-2 (Eastern Urban Center/Millenia) (“CFD No. 14M-2”); and

WHEREAS, notice of a public hearing relating to the establishment of CFD No. 14M-2, the extent of CFD No. 14M-2, the financing of certain types of services and all other related matters has been given, and a community facilities district report (the “CFD No. 14M-2 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 CFD No. 14M-2; and

WHEREAS, all communications relating to the establishment of CFD No. 14M-2, the proposed services and the rate and method of apportionment of the special tax proposed to be levied within CFD No. 14M-2 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 within CFD No. 14M-2; and

WHEREAS, inasmuch as there have been less than twelve (12) registered voters residing within the territory of CFD No. 14M-2 for at least the preceding ninety (90) days, the authorization to levy special taxes within CFD No. 14M-2 shall be submitted to the landowners of CFD No. 14M-2, such landowners being the qualified electors 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 CFD No. 14M-2 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, therefore, the special tax proposed to be levied within CFD No. 14M-2 has not been precluded by majority protest pursuant to Section 53324 of the Government Code of the State of California.
- C. CFD No. 14M-2 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. Less than twelve (12) registered voters have resided within the territory of CFD No. 14M-2 for each of the ninety (90) days preceding the close of the public hearing, therefore, pursuant to the Act the qualified electors of CFD No. 14M-2 shall be the landowners of CFD No. 14M-2 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 CFD No. 14M-2.
- 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 CFD No. 14M-2 and the requirements for impartial analysis and ballot arguments have been waived with the unanimous consent of the qualified electors of CFD No. 14M-2.
- F. The City Clerk, acting as the election official, has concurred in the shortening of time for conducting the election.

SECTION 3. Community Facilities District Report. The CFD No. 14M-2 District Report, as now submitted by Spicer Consulting Group, Special Tax Consultant, shall stand as the report 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 CFD No. 14M-2 known and designated as “Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia).”

SECTION 5. Boundaries of CFD No. 14M-2. The boundaries of CFD No. 14M-2 are generally described as follows:

All property within the boundaries of Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia), as shown on a boundary map as previously approved by this legislative body, such map designated “Proposed Boundaries of Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia), 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. The boundary map of the proposed District was filed on April 5, 2019 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 (the "County"), at Page 83 of Book 47 of the Book of Maps of Assessment and Community Facilities Districts of the County as Document Number 2019-7000131.

SECTION 6. Description of Services. It is the intention of this City Council to finance certain services (the "Services") that are in addition to those provided in or required for the territory within CFD No. 14M-2 and will not be replacing services already available. A general description of the services to be provided is provided in Exhibit A attached hereto and by this reference incorporated herein.

Maintenance shall include, but not be limited to, the provision of all labor, material, administration, personnel, equipment and utilities necessary to maintain the improvements listed in Exhibit A.

SECTION 7. Special Tax. Except where funds are otherwise available, special taxes sufficient to pay for the Services, to establish or replenish a reserve fund, to cover the replacement costs of park or other public improvements within the District and to pay related incidental expenses authorized by the Community Facilities District Law, secured by recordation of a continuing lien against all non-exempt real property in CFD No. 14M-2, are hereby authorized, subject to voter approval, to be levied annually within the boundaries of CFD No. 14M-2. For further particulars as to the rate and method of apportionment of the special taxes proposed to be levied within CFD No. 14M-2, reference is made to the attached and incorporated Exhibit B, which sets forth in sufficient detail the rate and method of apportionment to allow each landowner or resident within CFD No. 14M-2 to clearly estimate the maximum amount that such person will have to pay for such services.

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 CFD No. 14M-2 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 authorized shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency, as applicable for ad valorem taxes; however, as applicable, this legislative body may, by resolution, establish and adopt an alternate or supplemental procedure as necessary. 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, acting for and on behalf of CFD No. 14M-2.

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, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in CFD No. 14M-2 and this lien shall

continue in force and effect until the lien is canceled in accordance with law or until collection of the tax by the legislative body ceases. The special tax obligation for any parcel may not be prepaid.

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 CFD No. 14M-2 of the special taxes described in Section 7 above:

- A. Each such special tax shall be levied for the specific purposes set forth in Section 7. above.
- B. The proceeds of the levy of each such special tax shall be applied only to the specific applicable purposes set forth in Section 7. above.
- C. CFD No. 14M-2 shall establish a separate account into which the proceeds of each such special tax shall be deposited.
- D. The Director of Finance or his designee, acting for and on behalf of CFD No. 14M-2, 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 53340.2 of the Government Code of the State of California, are as follows:

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

SECTION 10. Election. This legislative body herewith submits the levy of the special taxes to the qualified electors of CFD No. 14M-2, such electors being the landowners within CFD No. 14M-2, with each landowner having one (1) vote for each acre or portion thereof of land which he or she owns within CFD No. 14M-2.

This legislative body hereby further directs that a separate ballot proposition relating to the levy of the above referenced special taxes within CFD No. 14M-2 be combined and consolidated with the proposition set forth in Section 11 below relating to the establishment of an appropriations limit for CFD No. 14M-2.

The proposition related to the levy of the special taxes, together with a proposition to establish an appropriations limit for CFD No. 14M-2, shall be submitted to the qualified electors of CFD No. 14M-2 at a special election to be held on (a) May 7, 2019, immediately following the adoption of this resolution or (b) such other date as the qualified electors 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 either or both of the propositions for the levy of the special taxes receive 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 Proposals. The ballot proposals to be submitted to the qualified electors of CFD No. 14M-2 at the election shall generally be as follows:

PROPOSITION A

Shall Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia), subject to the accountability measures required pursuant to Government Code Section 50075.1, levy a special tax throughout Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia) pursuant to the rate and method of apportionment attached as Exhibit B to this ballot for the purposes of financing the services described in Exhibit A to this ballot?

PROPOSITION B

Shall Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia) establish an Article XIII B appropriations limit equal to \$6,000,000?

SECTION 12. Vote. The appropriate mark placed in the voting square after the word "YES" shall be counted in favor of the adoption of the proposition, and the appropriate mark placed in the voting square after 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, or her designee, 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:

1. Prepare and furnish the necessary election supplies for the conduct of the election.
2. Cause to be printed the requisite number of official ballots, tally sheets and other necessary forms.
3. Furnish official ballots for the qualified electors of CFD No. 14M-2.
4. Cause the official ballots to be presented to the qualified electors, as required by law.
5. Receive the returns of the election and supplies.
6. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.
7. Canvass the returns of the election.

8. Furnish a tabulation of the number of votes given in the election.
9. 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. Effective Date. This Resolution shall become effective immediately upon its adoption.

PREPARED BY:

APPROVED AS TO FORM BY:

Kelly G. Broughton, FASLA
Director of Development Services

Glen R. Googins
City Attorney

EXHIBIT A

DESCRIPTION OF SERVICES

The types of services to be funded by special taxes levied within CFD No. 14M-2 (“Services”) shall include maintenance and servicing of the following facilities and any administrative expenses related thereto:

I. STREET FRONTAGE MAINTENANCE

Eastlake Parkway

- Trees
- Palms
- Planting Areas/Irrigation/Recycled water
- Rodent Control
- Enhanced paving

Birch Road

- Trees
- Palms
- Planting Areas/Irrigation/Recycled water
- Rodent Control
- Enhanced paving
- Recycled Water Irrigation Meters
- Back flow preventer inspection
- Wireless for irrigation controller
- Trash Receptacles
- Bike rack
- Benches

Bus Rapid Transit Facility

- Palms
- Planting Areas/Irrigation/Recycled water
- Rodent Control
- Decomposed Granite

Medians

- Eastlake Pkwy (Birch to Hunte Parkway) - 50%
- Birch (I-125 to Eastlake Parkway) - 100%

Pedestrian Bridge (over Eastlake Parkway)

Bus Stop

Trash receptacles
Maintenance

II. PARK MAINTENANCE (PUBLIC URBAN PARKS)**Frontages**

Trees – shade
Palms
Planting Areas/Irrigation/Recycled water
Rodent Control
Recycled Water Irrigation Meters
Back flow preventer inspections
Wireless for irrigation controller
Enhanced paving
Porous pavers
Decomposed Granite
Uplighting
Decorative Lighting

Planting/Irrigation

Trees – shade
Trees – ornamental
Palms
Planting Areas/Irrigation/Recycled water
Sod/Irrigation/Recycled Water
Rodent Control
Recycled Water Irrigation Meters
Potable Water Irrigation Meters
Wireless for irrigation controller
Back flow preventer inspections

Hardscape

Seat Wall

Flatwork

Pedestrian paving (concrete and pavers)
Decomposed granite
Playground surfacing

Site Furniture

Bike Racks
Trash Receptacles/Collection
Dog Waste Bag Dispenser/Collection/Disposal
Benches
Picnic Tables

Moveable Tables and Chairs
Umbrellas
Decorative Lighting

Metalwork

Metal fence/gate

Site Amenities/Features

Fountain
Fountain – Interactive or large
Spray Park
SCADA Monitoring System
Signage and Wayfinding Elements
Sculpture and Art Elements
Playground Equipment
Overlook Platform
Tree House
Outdoor Theater

Regional Trail

Regional trail

Structures

Restrooms and Maintained storage
Gazebo and Pavilion
Trellis, Overhead Structure

Athletic Facilities

Basketball Court
Tennis Court

III. BIORETENTION MAINTENANCE

Bioretention Basins

Inspection/Ongoing Maintenance
Replacement 3 times per 100 years

IV. STORM WATER MAINTENANCE

Wolf Canyon Detention Basin

Vegetation Removal
Silt Removal Maintenance
Silt Removal Screen Replacement
Engineer's Inspection
Periodic Inspection and Maintenance

Poggi Canyon

Channel
Detention Basin

Birch Street Filters

Vactor Truck Replacement

For purposes of this description of the Services to be funded by the levy of Special Taxes within CFD No. 14M-2, “maintenance” includes, but is not limited to, the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any of the facilities, including:

- (a) Repair, removal, or replacement of all or any part of any facilities.
- (b) Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury.
- (c) The removal of trimmings, rubbish, debris, silt, and other solid waste.
- (d) The cleaning, sandblasting, and painting of walls and other facilities to remove or cover graffiti.
- (e) The elimination, control, and removal of rodents and vermin.

For purposes of this description of the Services to be funded by Special Taxes levied within CFD No. 14M-2, “servicing” includes, but is not limited to, the furnishing of:

- (a) Electric current or energy, gas, or other illuminating agent for any public lighting for the facilities or for the lighting or operation of any other improvements related thereto.
- (b) Water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other facilities.

For purposes of this description of the Services to be funded by the levy of Special Taxes within CFD No. 14M-2, “administrative expenses” means the actual or estimated costs incurred by the City, acting for and on behalf of CFD No. 14M-2 as the administrator thereof, to determine, levy and collect the Special Taxes within CFD No. 14M-2, including salaries of City employees and a proportionate amount of the City’s general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of CFD No. 14M-2; the costs of collecting installments of the Special Taxes levied within CFD No. 14M-2; and any other costs required to administer CFD No. 14M-2 as determined by the City. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof.

EXHIBIT B
RATE AND METHOD OF APPORTIONMENT FOR
CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 14M-2
(EASTERN URBAN CENTER/MILLENNIA)

A Special Tax of Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia) (“CFD No. 14M-2”) of the City of Chula Vista shall be levied on all Taxable Property in CFD No. 14M-2 and collected each Fiscal Year commencing in Fiscal Year 2019-2020 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All such Taxable Property shall be taxed for the purposes, to the extent, and in the manner herein provided. Taxable Property shall not be subject to the Special Taxes of CFD No. 14M-2 until the lien of the special taxes of CFD No. 14M IA 1 (defined below) with respect to such Taxable Property has been cancelled.

DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. In the event that parcel acreage information is not available from the sources previously listed, San Diego County GIS data may be utilized. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means the actual or estimated costs incurred by the City, acting for and on behalf of CFD No. 14M-2 as the administrator thereof, to determine, levy and collect the Special Taxes within CFD No. 14M-2, including salaries and benefits of City employees and a proportionate amount of the City’s general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of CFD No. 14M-2; the costs of collecting installments of the Special Taxes within CFD No. 14M-2; and any other costs required to administer CFD No. 14M-2 as determined by the City.

“Apartment Property” means a Dwelling Unit within a building comprised of attached residential Dwelling Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the CFD Administrator.

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

“Assessor’s Parcel” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned assessor’s parcel number.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by assessor’s parcel number.

“Attached Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential Dwelling Units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, and condominiums, as determined by the CFD Administrator.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the CFD No. 14M-2 Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 14M” means Community Facilities District No. 14M (Eastern Urban Center/Millenia established by the City of Chula Vista under the Act and the CFD Ordinance.

“CFD No. 14M IA 1” means Improvement Area No. 1 of Community Facilities District No. 14M (Eastern Urban Center/Millenia) established by the City of Chula Vista under the Act and the CFD Ordinance.

“CFD No. 14M IA 1 RMA” means the Rate and Method of Apportionment set forth in the Notice of Special Tax Lien for CFD No. 14M IA 1 recorded in the Official Records of the San Diego County Recorder on February 21, 2014, as Doc. #2014-0071300.

“CFD No. 14M IA 1 Special Tax Requirement” shall have the meaning given the term “Improvement Area No. 1 Special Tax Requirement” in the CFD No. 14M IA 1 RMA.

“CFD No. 14M-2” means Community Facilities District No. 14M-2 (Eastern Urban Center/Millenia) established by the City of Chula Vista under the Act and the CFD Ordinance.

“CFD No. 14M-2 Special Tax Requirement” means that amount calculated in Section D. required in any Fiscal Year for CFD No. 14M-2 to: (i) pay the Operating Fund Requirement; (ii) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (iii) pay for reasonably anticipated delinquent Special Taxes within CFD No. 14M-2 based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if

any, in the Reserve Fund above the Reserve Fund Requirement and any amount remaining in the Operating Fund that is available to pay the Operating Fund Requirement in such Fiscal Year.

“CFD No. 14M-2 Boundary Map” means a recorded map of the CFD No. 14M-2 which indicates the boundaries of the CFD No. 14M-2.

“CFD Ordinance” means the City of Chula Vista Community Facilities District Ordinance, as originally enacted and as subsequently amended pursuant to the powers reserved by the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California

“City” means the City of Chula Vista.

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

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

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

“Council” means the City Council of the City of Chula Vista, acting as the legislative body of the CFD No. 14M-2.

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

“Detached Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been or may be issued for purposes of constructing a detached Dwelling Unit on an Assessor’s Parcel. Such Residential Unit does not or will not share a common wall with another residential Dwelling Unit, as determined by the CFD Administrator.

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

“Dwelling Unit” means each separate residential dwelling unit that comprises an independent facility separate from adjacent residential dwelling units.

“Final Subdivision Map” means a subdivision of property creating buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 4285, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

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

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

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

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

“Operating Fund” means a fund that shall be maintained by the City for CFD No. 14M-2 for each Fiscal Year to pay for the authorized maintenance services as described in CFD No. 14M-2 special tax report and Administrative Expenses.

“Operating Fund Requirement” means, for any Fiscal Year, an amount equal to the budgeted costs for CFD No. 14M-2. The budgeted costs for CFD No. 14M-2 shall equal the budget costs of park maintenance, landscape maintenance, street frontage maintenance, bio-retention maintenance, storm water maintenance, and the maintenance, repair and replacement of the facilities and improvements, which have been accepted and or maintained by the City during the current Fiscal Year; plus the budgeted Administrative Expenses for the current Fiscal Year in which Special Taxes are levied.

“Overall Special Tax Requirement” means that amount required in any Fiscal Year to be included in the CFD No. 14M-2 Special Tax Requirement and the CFD No. 14M IA 1 Special Tax Requirement as determined in Section D.

“Property Owner Association Property” means any property within the CFD No. 14M-2 boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

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

“Public Property” means any property within CFD No. 14M-2 boundaries that has provided proof to the City prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, that it is expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

“Reserve Fund” means a fund that shall be maintained for CFD No. 14M-2 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes within CFD No. 14M-2 and a reasonable buffer to prevent large variations in annual Special Tax levies within CFD No. 14M-2.

“Reserve Fund Requirement” means an amount equal to up to 100% of the CFD No. 14M-2 Operating Fund Requirement for any Fiscal Year.

“Residential Property” means all Assessor’s Parcels of Developed Property classified as Apartment Property, Attached Residential Property, or Detached Residential Property for which a building permit(s) has been issued for purposes of constructing one or more residential Dwelling Units.

“Special Tax” means the Special Tax levied pursuant to the provisions of sections D and E below in each Fiscal Year on each Assessor’s Parcel of Developed Property, Approved Property, and Undeveloped Property in CFD No. 14M-2 to fund the CFD No. 14M-2 Special Tax Requirement.

“State” means the State of California.

“Taxable CPF Property” means all CPF Property which is not exempt from the Special Tax pursuant to Section F below.

“Taxable Property” means, all of the Assessor’s Parcels within the boundaries of CFD No. 14M-2 that are not exempt from the Special Tax pursuant to law or as defined below under Tax-Exempt Property.

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

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

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property, Taxable Property Owner Association Property, or Taxable CPF Property.

ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, each Assessor’s Parcel within CFD No. 14M-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable CPF Property.

Each Assessor’s Parcel classified as Developed Property shall be further assigned to a Land Use Class as specified in Table 1. The Land Use Class of each Assessor’s Parcel of Residential

Property or Mixed-Use Property shall be determined based on the records of the San Diego County Assessor, or other such information provided by the City.

Taxable Property Owner Association Property and Taxable CPF Property shall be taxed as Non-Residential Property when any such Assessor's Parcel is classified as Developed Property. If any such Assessor's Parcel is undeveloped, it shall be classified as Undeveloped Property.

MAXIMUM SPECIAL TAX RATE

1. Developed Property

**TABLE 1
MAXIMUM SPECIAL TAX FOR DEVELOPED PROPERTY**

Land Use Class	Description	Maximum Special Tax (FY 2018/19)
1	Apartment Property	\$206.82 per Dwelling Unit
2	Attached Residential Property	\$275.76 per Dwelling Unit
3	Detached Residential Property	\$344.70 per Dwelling Unit
4	Non-Residential Property	\$1,377.71 per Acre

Mixed-Use Property Land Use Classes

The Maximum Special Tax that may be levied on Mixed Use Property Assessor's Parcel shall only be levied on the Residential Property Land Use Class(es) located on that Assessor Parcel(s).

Sample Maximum Special Tax Calculation for Mixed Use Property

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

Assessor Parcel No.	Parcel Acreage	No. of Residential Dwelling Units	Non-Residential Property Maximum Special Tax	Residential Property Maximum Special Tax	Total Annual Maximum Special Tax⁽¹⁾
1	2.00	10	\$0.00	\$2,068.20	\$2,068.20

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

2. Approved Property and Undeveloped Property

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

Annual Escalation of Maximum Special Tax

On each July 1, commencing on July 1, 2019, the Maximum Special Tax for CFD No. 14M-2 as shown in Tables 1 above that may be levied on each Assessor's Parcel of Taxable Property in CFD No. 14M-2 shall be adjusted by a factor equal to the greater of, the positive percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) for the twelve-month period ending June 1 of the prior Fiscal Year or 0%, provided the Maximum Special Tax shall never be less than the amounts shown in Table 1.

CALCULATION OF OVERALL SPECIAL TAX REQUIREMENT PROPORTIONALITY

Each Fiscal Year, an Overall Special Tax Requirement for CFD No. 14M-2 and CFD No. 14M IA 1 shall be calculated initially as the same amount as the CFD No. 14M IA 1 Special Tax Requirement would have been calculated prior to the creation of CFD No. 14M-2.

Then, for purposes of the levy of Special Taxes within CFD No. 14M-2, the amount of the CFD No. 14M-2 Special Tax Requirement shall be an amount equal to the Overall Special Tax Requirement less the amount of the levy of special taxes in CFD No. 14M IA 1 on Developed Property at 100% of the Maximum Special Tax (as such terms are defined in the CFD No. 14M IA 1 RMA).

If the amount of Developed Property Maximum Special Taxes that can be collected in that Fiscal Year within CFD No. 14M-2 exceeds the CFD No. 14M-2 Special Tax Requirement, then the levy on Developed Property in both CFD No. 14M IA 1 and CFD No. 14M-2 shall be reduced Proportionately to the amount required to fund the Overall Special Tax Requirement.

If the amount of Developed Property Maximum Special Taxes that can be collected in that Fiscal Year within CFD No. 14M-2 is less than the CFD No. 14M-2 Special Tax Requirement, then all Approved Property in both CFD No. 14M IA 1 and CFD No. 14M-2 shall be taxed Proportionately, up to 100% of the applicable Maximum Special Tax, as necessary to satisfy the Overall Special Tax Requirement, and the CFD No. 14M-2 Special Tax Requirement shall include such amount to be levied on Approved Property in CFD No. 14M-2.

If the combined amount of Developed Property and Approved Property Special Taxes that can be collected in that Fiscal Year within both CFD No. 14M IA 1 and CFD No. 14M-2 is less than the Overall Special Tax Requirement, then all Undeveloped Property in both CFD No. 14M IA 1 and CFD No. 14M-2 shall be taxed Proportionately, up to 100% of the Maximum Special Tax, as necessary to satisfy the Overall Special Tax Requirement, and the CFD No. 14M-2 Special Tax Requirement shall include such amount to be levied on Undeveloped Property in CFD No. 14M-2.

If the combined amount of Developed Property, Approved Property, and Undeveloped Property Special Taxes that can be collected in that Fiscal Year within both CFD No. 14M IA 1 and CFD No. 14M-2 is less than the Overall Special Tax Requirement, then all Taxable Property Owner Association Property and Taxable CPF Property in both CFD No. 14M IA 1 and CFD No. 14M-2 shall be taxed Proportionately, up to 100% of the Maximum Special Tax, as necessary to satisfy the Overall Special Tax Requirement, and the CFD No. 14M-2 Special Tax Requirement

shall include such amount to be levied on all Taxable Property Owner Association Property and Taxable CPF Property in CFD No. 14M-2.

METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR CFD No. 14M-2

Commencing with Fiscal Year 2019-2020, and for each following Fiscal Year, the Council shall levy the Special Tax in CFD No. 14M-2 at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the CFD No. 14M-2 Special Tax Requirement as determined in Section D above. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax for Developed Property;

Second: If additional monies are needed to satisfy the CFD No. 14M-2 Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property;

Third: If additional monies are needed to satisfy the CFD No. 14M-2 Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional moneys are needed to satisfy the CFD No. 14M-2 Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable CPF Property, at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property or Taxable CPF Property, as applicable.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Apartment Residential Property, Attached Residential Property, or Detached Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 14M-2.

EXEMPTIONS

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

The CFD Administrator shall classify as Tax-Exempt Property within CFD No. 14M-2 those Assessor's Parcels defined as Property Owner's Association Property or CPF Property provided that no such classification would reduce the sum of all Taxable Property within CFD No. 14M-2

to less than 80.06 Acres. Assessor's Parcels defined as Property Owner Association Property and CPF Property that cannot be classified as Tax-Exempt Property will be classified as Taxable Property Owner Association Property or Taxable CPF Property and shall be taxed as part of the fourth step in Section D.

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

Taxable Property Owner Association Property and Taxable CPF Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property and Taxable CPF Property.

APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred; the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists; such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of CFD No. 14M-2, a special three-member committee (the "Review/Appeal Committee"). The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 14M-2 or as otherwise determined appropriate by the CFD Administrator.

TERM OF SPECIAL TAX

Taxable Property of CFD No. 14M-2 shall remain subject to the Special Tax in perpetuity or until the Council takes appropriate actions to terminate the Special Tax pursuant to the Act and the CFD Ordinance.