

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

672



FROM: EXECUTIVE OFFICE

SUBMITTAL DATE:
February 17, 2006

SUBJECT: Initiation of Proceedings to Form Community Facilities District No. 05-8 (Scott Road) of the County of Riverside.

RECOMMENDED MOTION: That the Board approve and adopt: (1) Resolution No. 2006-072 Declaring its Intention (i) to establish Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, (ii) to provide for future annexation from time to time of property to the Community Facilities District, and (iii) to levy a special tax to pay the costs of acquiring or constructing certain facilities and to pay debt service on bonded indebtedness, (2) Resolution No. 2006-073 Declaring the Intention to Incur Bonded Indebtedness in an amount not to exceed \$100,000,000 for the proposed Community Facilities District, and, (3) set the Public Hearing for April 4, 2006 at 9:30 am.

BACKGROUND: Property owners in the vicinity of Scott Road have requested that the County form a community facilities district to fund improvements to Scott Road and the interchange at I - 215 and Scott Road in order to satisfy a condition of development imposed by the Transportation Department. The proposed district will ultimately be comprised of sufficient non-contiguous acreage within the boundaries of
Continued on Page 2

Debra Cournoyer
Debra Cournoyer, Principal Management Analyst

FORM APPROVED
COUNTY COUNSEL

FEB 21 2006

Departmental Concurrence

FINANCIAL DATA

| | | | |
|-------------------------------|----|-------------------------|-------|
| Current F.Y. Total Cost: | \$ | In Current Year Budget: | |
| Current F.Y. Net County Cost: | \$ | Budget Adjustment: | |
| Annual Net County Cost: | \$ | For Fiscal Year: | 05/06 |

SOURCE OF FUNDS: CFD Bond Proceeds

| | |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature

[Signature]

Policy

Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 3

Agenda Number:

3.3

the Scott Road and Bridge Benefit District to fund the improvements. It is the intent of the County that the proposed district will issue three series of bonds to fund (i) the widening of Scott Road to four lanes between Antelope Road and Briggs Road including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (iii) the full width improvement to Scott Road from Antelope Road to State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility with the TUMF Program; and (iv) other TUMF identified facilities.

Scott Road is located within the Highway 79 Policy Area (the "Policy Area") and is identified as a Critical Transportation Corridor Improvement Program (CTCIP) facility. Within the Policy Area, projects are conditioned to mitigate impacts to transportation facilities as a result of proposed development by providing for the funding to construct identified transportation facilities through the formation of a Community Facilities District (CFD). Owners of property included in a CTCIP CFD can receive a credit against their TUMF for that portion of the facility funded through the CFD.

Special Tax Bonds, not to exceed \$100 million, will be issued to finance the improvements. It is anticipated that three series of bonds which will be issued as needed to fund the three phases of construction. Bonds will not be issued until there is sufficient property paying special tax to support the bonded indebtedness to be incurred by the proposed district and furthermore, each issuance is to be consistent with County policies regarding overlapping debt limitations for residential development.

There are approximately 1,338 acres within the boundaries of the proposed CFD with an estimated 4,600 dwelling units. Additional property will be allowed to annex into the CFD until sufficient funds are generated for each of the three phases of construction. It is the intent of the County that no series of bonds will be issued until sufficient funds can be generated by the developed property to pay the annual debt service. The assigned special tax for developed property will escalate annually by the greater of the increase in TUMF or 2 percent. The assigned annual special tax for developed property will be established when a building permit is issued for a production unit within a tract. The amount of the assigned annual special tax for developed property will then increase annually by 2 percent. The initial assigned annual special tax in fiscal year 2005-06, for a single family residential unit will be approximately \$819. The maximum annual special tax is approximately \$2,100 per acre for undeveloped property.

The special tax on developed property will be levied to pay for the costs of constructing the facilities and will be levied prior to the issuance of the first series of bonds. Amounts in excess of the debt service requirement will be deposited into the construction account and could potentially be used to reduce the amount of additional bonds necessary to fund the construction of the remaining facilities.

The value to lien ratio for each bond series will be 3 to 1. Consistent with the policies of the CTCIP, it is anticipated that the proposed project will not be requesting any waivers of County policy as it pertains to CTCIP. The Debt Advisory Committee heard this item on February 16, 2006 and approved submittal of the Resolutions to the Board.

2 **RESOLUTION NO. 2006-072**

3 **A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF**
4 **RIVERSIDE DECLARING ITS INTENTION (I) TO ESTABLISH COMMUNITY**
5 **FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF**
6 **RIVERSIDE, (II) TO PROVIDE FOR FUTURE ANNEXATION FROM TIME TO**
7 **TIME OF PROPERTY TO THE COMMUNITY FACILITIES DISTRICT, AND**
8 **(III) TO LEVY A SPECIAL TAX TO PAY THE COSTS OF ACQUIRING OR**
9 **CONSTRUCTING CERTAIN FACILITIES AND TO PAY DEBT SERVICE ON**
10 **BONDED INDEBTEDNESS**

11 **WHEREAS**, the Board of Supervisors (the "Board") of the County of Riverside (the "County")
12 received a number of petitions with each petition signed by the owner of property and collectively the
13 petitions represent more than ten percent of the land within the boundaries of the territory which is
14 proposed for inclusion in proposed Community Facilities District No. 05-8 (Scott Road) of the County of
15 Riverside ("CFD No. 05-8") as shown on the Boundary Map attached hereto as Exhibit A, which petitions
16 meet the requirements of Sections 53318 and 53319 of the Government Code of the State of California
17 (the "Code"); and

18 **WHEREAS**, it is proposed that additional properties may annex to CFD No. 05-8 upon the
19 application of the landowner of said property and its compliance with certain legal requirements that are
20 conditions precedent to causing the annexation of said property subsequent to formation of CFD No. 05-
21 8; a map (the "Annexation Map") identifying the boundaries of the territory from which such future
22 annexations may occur are set forth in Exhibit B which is attached hereto; and

23 **WHEREAS**, the Board declares its intent to establish CFD No. 05-8 under and pursuant to the
24 terms and provisions of the "Mello-Roos Community Facilities Act of 1982" (the "Act"), being Chapter
25 2.5, Part 1, Division 2, Title 5 of the Code; and

26 **WHEREAS**, the Board has been advised that certain property owners have requested that the
27 non-contiguous areas described in Exhibit A be established as the boundaries of CFD No. 05-8, that a rate
28 and method of apportionment of the special tax to be levied therein be established, and that an aggregate
limit of bonded indebtedness be established by the Board and that the Board establish the boundaries, as
described in Exhibit B, to be the boundaries of the territory in which future annexations may occur from
time to time; and

1 **WHEREAS**, the Clerk of the Board has received a separate petition, including a consent and
2 waiver, (collectively, a “Petition”), from a number of property owners that collectively own not less than
3 10 percent of the area of land proposed to be included within the boundaries of CFD No. 05-8; and

4 **WHEREAS**, the Board desires to institute proceedings to establish CFD No. 05-8, to authorize
5 the levy of special taxes therein in order to finance certain road and related improvements (the
6 "Facilities") and to establish the boundaries of the territory in which future annexations may occur from
7 time to time with the consent of the owner of an annexing parcel; and

8 **WHEREAS**, Section 53314.9 of the Code provides that, at any time either before or after the
9 formation of a community facilities district, the governing board of a local agency, acting *ex officio* as the
10 Legislative Body of the proposed community facilities district, may accept advances of funds or work in-
11 kind from any source, including, but not limited to, private persons or private entities and may provide, by
12 resolution, for the use of those funds or work in-kind for any authorized purposes, including, but not
13 limited to, paying any costs incurred by the local agency in creating a community facilities district;

14 **WHEREAS**, Section 53314.9 of the Code further provides that the Legislative Body may enter
15 into an agreement, by resolution, with the person or entity advancing the funds or the value or cost of the
16 work in-kind, whichever is less, to repay all or a portion of the funds or work-in-kind advanced, as
17 determined by the Legislative Body, without interest, under all of the following conditions: (a) the
18 proposal to repay the funds is included in both the resolution of intention to establish a community
19 facilities district adopted pursuant to Section 53321 of the Code and in the resolution of formation to
20 establish a community facilities district pursuant to Section 53325.1 of the Code, (b) any proposed special
21 tax is approved by the qualified electors of the community facilities district pursuant to the Act, and (c)
22 any agreement shall specify that if the qualified electors of the community facilities district do not
23 approve the proposed special tax, the local agency shall return any funds which have not been committed
24 for any authorized purpose by the time of the election to the person or entity advancing the funds; and

25 **WHEREAS**, on September 27, 2005, the Board approved a Fee Deposit and Reimbursement
26 Agreement (the “Deposit Agreement”) dated as of September 1, 2005, by and between the County and
27 Woodside Menifee 105, Inc., a California corporation, that provides for the advancement of funds by
28 certain owners of property within the proposed District (the “Property Owners”) to be used to pay costs

1 incurred in connection with the creation of CFD No. 05-8 and provides for the reimbursement to the
2 Property Owners of such funds advanced, without interest, from the proceeds of the bonds issued by CFD
3 No. 05-8; and

4 **WHEREAS**, on June 14, 2005, the County and CRV Menifee 540 L.P., KB Home Coastal Inc.
5 and Woodside Homes of California, Inc.(collectively the "Owners") entered into an agreement entitled
6 "Development Fee Credit Agreement" (the "Development Agreement") under the terms of which the
7 Owners would advance those funds needed to pay for the design and engineering for the Scott Road/I-215
8 Interchange (the "Interchange") which is one of the Facilities and the Owners were to either receive
9 credits against development impact fees or reimbursement of dollars advanced from the proceeds of bonds
10 issued and sold by a community facilities district; and design and engineering contract for the
11 Interchange; and

12 **WHEREAS**, Section 53325.6 of the Code provides that land devoted primarily to agricultural,
13 timber or livestock uses and being used for the commercial production of agricultural, timber or livestock
14 products may be included in a community facilities district only if such land is contiguous to other land
15 which is included within the described exterior boundaries of the community facilities district and only if
16 the legislative body finds that the land will be benefited by any of the types of public facilities and
17 services proposed to be included within the community facilities district; and

18 **WHEREAS**, certain of the land within the proposed District, which land is contiguous to other
19 land which is included within the described exterior boundaries of the proposed District, is devoted
20 primarily to agricultural or livestock uses and being used for the commercial production of agricultural or
21 livestock products, and the Board desires to make such finding with respect to such land; and

22 **WHEREAS**, the Board has determined that it is advisable to establish an appropriations limit, as
23 defined by Article XIII B, Section 8(h) of the California Constitution, for said CFD No. 05-8; and

24 **WHEREAS**, the Board has determined to institute proceedings to provide for formation of CFD
25 No. 05-8 and has determined to set a date, time and place for a public hearing relating thereto;

26 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND**
27 **ORDERED** by the Board of Supervisors of the County of Riverside as follows:

28 Section 1. All of the above recitals are true and correct.

1 Section 2. The Petitions of the property owners within proposed CFD No. 05-8 are hereby
2 accepted and the Board hereby determines that the public convenience and necessity require that all of
3 said property referenced in said Petitions be incorporated within CFD No. 05-8 and proceedings are
4 initiated pursuant to the authorization of the Act to establish CFD No. 05-8.

5 Section 3. The name of the proposed community facilities district shall be “Community Facilities
6 District No. 05-8 (Scott Road) of the County of Riverside.” The boundaries of the territory included in
7 CFD No. 05-8 are more particularly described and shown on that certain map (the “Map”) entitled
8 “Boundary Map -- Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, State
9 of California,” a copy of which is attached hereto as Exhibit A and incorporated herein and made a part
10 hereof.

11 Additional properties that are within the boundaries of the Annexation Map may annex to CFD
12 No. 05-8 subsequent to formation of CFD No. 05-8. The owner of the property to be annexed shall
13 submit a written consent for said annexation to CFD No. 05-8 and the Board, acting *ex-officio* as the
14 Legislative Body of CFD No. 05-8, shall call a special election as to the imposition of the special tax on
15 said property as required by law. The boundaries of the territory within which any property may annex to
16 CFD No. 05-8 are more particularly described and shown on that certain map (the “Annexation Map”)
17 entitled “Boundaries -- Potential Annexation Area Community Facilities District No. 05-8 (Scott Road) of
18 the County of Riverside, State of California,” a copy of which is attached hereto as Exhibit B and
19 incorporated herein and made a part hereof.

20 Section 4. The Board has previously adopted local goals and policies for community facilities
21 district financings as required by Code Section 53312.7.

22 Section 5. Any expenditures with respect to the formation of CFD No. 05-8 from the proceeds
23 received through the Deposit Agreement and expenditures for the design and engineering of the
24 Interchange from the proceeds received through the Development Agreement shall be payable solely and
25 exclusively from proceeds received pursuant to the terms of either Agreement, from the proceeds of bonds
26 issued by CFD No. 05-8 or the proceeds of a special tax levied in CFD No. 05-8. The County shall not be
27 obligated to pay any such expenditures except from these enumerated sources.

1 It is the intention of the Board and the Board hereby proposes to establish CFD No. 05-8. At the
2 conclusion of the public hearing described below, the Board shall determine whether to form CFD No.
3 05-8 and establish the rate and method of apportionment of special tax to be applicable within CFD No.
4 05-8.

5 Section 6. The Clerk of the Board is hereby authorized and directed to endorse the Certificate on
6 the Map and the Annexation Map evidencing the date and adoption of this Resolution and is further
7 authorized and directed to file said Map and Annexation Map with the Office of the Recorder of the
8 County in accordance with the provisions of Section 3110.5 and 3113.5 of the California Streets and
9 Highways Code within 15 days of the adoption of this Resolution and not later than 15 days prior to the
10 date of the public hearing relating to the proceedings as set forth in Section 15 hereof.

11 Section 7. The Facilities proposed to be financed by CFD No. 05-8 pursuant to the Act, and by
12 any territory which annexes to CFD No. 05-8, are described under the caption "Facilities" on Exhibit C
13 hereto, which is by this reference incorporated herein. The proposed Facilities have a useful life of five
14 years or longer. The proposed Facilities are facilities which the County is authorized by law to construct,
15 acquire, own, operate, maintain or contribute revenue to. The Board hereby finds and determines that the
16 description of the Facilities herein is sufficiently informative to allow taxpayers with CFD No. 05-8 and
17 within the territory from which certain properties may elect to annex to CFD No. 05-8 to understand what
18 the funds of CFD No. 05-8 may be used to finance. The incidental expenses proposed to be incurred are
19 identified under the caption "Incidental Expenses" on Exhibit C hereto.

20 It is the intention of the Board that CFD No. 05-8 be authorized to pay for design, engineering
21 and construction of the Facilities, including the payment of interest on and principal of bonds proposed to
22 be issued to finance the acquisition and construction of the Facilities and the repayment of funds advanced
23 to CFD No. 05-8.

24 The Facilities are necessary to meet increased demand placed upon the County and other public
25 agencies as a result of development occurring within CFD No. 05-8. The costs hereby authorized to be
26 paid include incidental expenses and all costs associated with the establishment of CFD No. 05-8, the
27 issuance of bonds, the determination of the amount of any special taxes to be levied, the cost of collecting
28

1 any special taxes and costs otherwise incurred in order to carry out the authorized purposes of CFD No.
2 05-8.

3 Section 8. The County Executive Office of the County shall coordinate a study by interested
4 County departments and other public agencies as to the formation of CFD No. 05-8 and, at or prior to the
5 public hearing on formation of CFD No. 05-8, cause a report (the "Public Report") to be prepared which
6 shall contain a brief description of the Facilities which will in County departments and other public
7 agencies' opinions be required to meet adequately the street and transportation needs of CFD No. 05-8 and
8 an estimate of the costs of providing the Facilities, including the costs of environmental evaluations of
9 such Facilities and an estimate of the incidental expenses related thereto that shall be considered by the
10 Board. Reference is hereby made to the Public Report and, upon its presentation, it shall be made a part
11 of the record of the public hearing held to consider formation of CFD No. 05-8.

12 Section 9. It is the intention of the Board that, except where funds are otherwise available, a
13 special tax sufficient to pay for the construction and acquisition of the Facilities, including the payment of
14 interest on and principal of bonds proposed to be issued to finance the Facilities and the repayment of
15 funds advanced to or on behalf of CFD No. 05-8, the replenishment of any reserve fund established for
16 the bonds, the annual administration expenses of the County and CFD No. 05-8 in determining,
17 apportioning, levying and collecting such special taxes to be levied annually within the boundaries of
18 CFD No. 05-8 secured by recordation of a continuing lien against all nonexempt real property in CFD No.
19 05-8. The rate, method of apportionment and manner of collection of such proposed special tax for CFD
20 No. 05-8 and for properties which annex to CFD No. 05-8 is set forth in Exhibit D (respectively, the "Rate
21 and Method" and the "Special Tax"), attached hereto and incorporated herein and made a part hereof.
22 Exhibit D provides sufficient detail to allow each landowner or resident within CFD No. 05-8 or of a
23 parcel within the territory which may annex to CFD No. 05-8 to estimate the maximum amount that such
24 person will have to pay.

25 The Special Tax will be collected in the same manner and at the same time as *ad valorem*
26 property taxes and subject to the same penalties and the same procedure, sale and lien priority in the case
27 of delinquency as is provided for *ad valorem* taxes as such procedure may be modified by law or by the
28 Board, acting *ex-officio* as the Legislative Body of CFD No. 05-8, from time to time; provided, however

1 the Special Tax may be billed and collected at a different time or in a different manner if necessary for
2 CFD No. 05-8 to meet its financial obligations and if so billed and collected, a delinquent penalty of 10%
3 of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at
4 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each
5 month thereafter until redeemed.

6 The Special Tax as apportioned to each parcel pursuant to Exhibit D is apportioned on the basis
7 of benefit as permitted by Section 53325.3 of the Code and the apportionment of the Special Tax is not on
8 or based upon the value or ownership of real property. In the event that property within CFD No. 05-8 is
9 acquired or dedicated to a public agency subsequent to the date of formation of CFD No. 05-8, it may
10 become exempt and no longer subject to the Special Tax pursuant to the Rate and Method. The Special
11 Tax obligation on any parcel, if the Board, acting *ex-officio* as the Legislative Body of CFD No. 05-8, so
12 elects, may be prepaid and eliminated according to the methodology and conditions specified by the
13 Board in the Rate and Method by payment of the amount so calculated to the County or its designated
14 paying agent for CFD No. 05-8 and utilized to pay for the Facilities or to call or defease bonds to the full
15 extent of such payment on the earliest date on which such call or defeasance can be accomplished.

16 There will be no alteration in the Special Tax levied within CFD No. 05-8 as a result of any
17 annexation to CFD No. 05-8, except to the extent Special Taxes needed to pay the "Special Tax
18 Requirement" as this term is defined in the Rate and Method are lower as a result of the Special Tax being
19 levied on a greater number of parcels due to the annexation.

20 The maximum Special Tax applicable to a parcel to be used for private residential purposes, as
21 set forth in Exhibit D, is specified as a dollar amount which shall be calculated and established not later
22 than the date on which the parcel is first subject to taxation because of its use for private residential
23 purposes and such amount shall not be increased over time by an amount in excess of 2 percent (2%) per
24 year to the extent permitted by the Rate and Method. Such Special Tax shall be levied for a period not to
25 exceed Fiscal Year 2049-2050 or the final maturity of any bonds, whichever is sooner, and under no
26 circumstances will such Special Tax be increased as a consequence of delinquency or default by the
27 owner of any other parcel or parcel within CFD No. 05-8 by more than ten percent (10%) per year; except
28 that a Special Tax that was levied on or before the final tax year and that remains delinquent may be

1 collected in subsequent years. For purposes of this paragraph, a parcel shall be considered "used for
2 private residential purpose" not later than the date on which an occupancy permit for private residential
3 use is issued.

4 Section 10. It is the intention of the Board, pursuant to Section 53317.3 of the Code, to levy the
5 proposed Special Tax on property that is not otherwise exempt from the proposed Special Tax and that is
6 acquired by a public entity through a negotiated transaction, or by gift or devise.

7 Section 11. It is the intention of the Board, pursuant to Section 53317.5 of the Code, to treat any
8 Special Tax levied against property that is acquired by a public entity through eminent domain
9 proceedings as if it were a special annual assessment pursuant to Section 1265.250 of the Code of Civil
10 Procedure of the State of California.

11 Section 12. It is the intention of the Board, pursuant to Section 53340.1 of the Code, to levy the
12 proposed Special Tax on the leasehold or possessory interests in property owned by a public agency,
13 which property is otherwise exempt from the Special Tax.

14 Section 13. The Board of Supervisors hereby finds that the land in CFD No. 05-8 devoted
15 primarily to agricultural or livestock uses and being used for the commercial production of agricultural or
16 livestock products will be benefited by the Facilities.

17 Section 14. The Board hereby declares that the public convenience and necessity require and it
18 is necessary that a bonded indebtedness be incurred to finance all or a portion of the Facilities, including
19 planning work directly related to the Facilities and all related incidental expenses, as authorized by the
20 Act, as more specifically described in proceedings relating to CFD No. 05-8.

21 Section 15. The aggregate amount of the proposed bonded indebtedness to be incurred for CFD
22 No. 05-8 (including incidental expenses as authorized by the Act) shall not exceed \$100,000,000.
23 Pursuant to Section 53351(c) of the Code, the Board hereby declares its intention that CFD No. 05-8 will
24 pay for the bonded indebtedness to finance or refinance the Facilities.

25 Section 16. Notice is given that on the 4th day of April, 2006, at the hour of 9:30 o'clock a.m.,
26 or as soon thereafter as the matter may be heard, in the Board Chambers of the County Administrative
27 Center, 4080 Lemon Street, 1st Floor, Riverside, California 92501-3651, a public hearing (the "Public
28 Hearing") will be held at which the Board shall consider the formation of CFD No. 05-8, the proposed

1 levy of the Special Tax within CFD No. 05-8, the proposed Rate and Method, the necessity to incur
2 bonded indebtedness, the proposed appropriations limit for CFD No. 05-8 and all other matters as set
3 forth in this Resolution. At the above-mentioned time and place for the Public Hearing, any persons
4 interested, including all taxpayers, property owners and registered voters within the proposed boundaries
5 of CFD No. 05-8, may appear and be heard, and the testimony of all interested persons or taxpayers for or
6 against the formation of CFD No. 05-8, the boundaries of CFD No. 05-8, the future annexation of
7 territory to CFD No. 05-8, the levy of the Special Tax in CFD No. 05-8, the levy of Special Taxes within
8 the territory proposed to be annexed in the future, or the acquisition, installation or construction of the
9 Facilities, the necessity to incur bonded indebtedness, the proposed appropriations limit for CFD 05-8 or
10 on any other matters set forth herein, will be heard and considered.

11 Any protests may be made orally or in writing, except that any protests pertaining to the
12 regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities
13 and defects to which the objection is made. All written protests shall be filed with the Clerk of the Board
14 on or before the time fixed for the Public Hearing, and any written protest may be withdrawn in writing at
15 any time before the conclusion of the Public Hearing.

16 If written protests against the formation are filed by fifty percent (50%) or more of the registered
17 voters, or six (6) registered voters, whichever is greater, residing within CFD No. 05-8 or by the owners
18 of one-half (½) or more of the territory as shown on the Map that is proposed to be included within CFD
19 No. 05-8, and such protests are not withdrawn so as to reduce the protests to less than a majority, no
20 further proceedings shall be undertaken for a period of one year from the date of decision of the Board.

21 If written protests against the proposed boundaries of the Annexation Map and the intent that
22 property within the boundaries of said Map may be annexed, at the request of the property owner at some
23 future date, to CFD No. 05-8 are filed by fifty percent (50%) or more of the registered voters, or six (6)
24 registered voters, whichever is greater, residing within CFD No. 05-8 or by 50 percent or more of the
25 registered voters or six registered voters, whichever is more, residing within the boundaries of the
26 Annexation Map, or by the owners of one-half (½) or more of the territory proposed to be included within
27 CFD No. 05-8, or by the owners of one-half or more of the area of land in the territory within the
28 boundaries of the Annexation Map, and such protests are not withdrawn so as to reduce the protests

1 relating to the proposed boundaries of the Annexation Map and the intent that property within the
2 boundaries of said Map may be annexed, at the request of the property owner at some future date to less
3 than a majority, no further proceedings shall be undertaken for a period of one year from the date of
4 decision of the Board with regard to the Annexation Map and the intent that property within the
5 boundaries of said Map may be annexed, at the request of the property owner at some future date. As
6 authorized by Section 53339.7(a) of the Act, if not precluded by a majority protest and approved by the
7 Legislative Body of CFD No. 05-8, property within the proposed boundaries of the Annexation Map may
8 be annexed to CFD No. 05-8 upon the unanimous approval of the owner or owners of each parcel or
9 parcels at the time that the parcel or parcels are annexed, without additional hearings; provided, however,
10 owner(s) of said property submit a written consent to said annexation to CFD No. 05-8 and the Board,
11 acting *ex-officio* as the Legislative Body of CFD No. 05-8, shall call a special election as to the imposition
12 of the Special Tax on said property as required by law.

13 Section 17. If, following the Public Hearing, the Board determines to form CFD No. 05-8 and
14 proposes to levy the Special Tax within CFD No. 05-8 and to incur bonded indebtedness, the Board shall
15 then submit the levy of the Special Tax and the necessity to incur bonded indebtedness to the qualified
16 electors within the boundaries of CFD No. 05-8. If at least twelve (12) persons, who need not necessarily
17 be the same twelve (12) persons, have been registered to vote within the boundaries of CFD No. 05-8 for
18 each of the ninety (90) days preceding the close of the Public Hearing, the vote shall be by registered
19 voters of CFD No. 05-8 with each voter having one (1) vote. Otherwise, the vote shall be by the landowners
20 of CFD No. 05-8 who are the owners of record at the close of the Public Hearing and be a mailed ballot
21 election, consistent with Section 53327.5 of the Code, with each landowner having one (1) vote for each
22 acre or portion of an acre of land owned within CFD No. 05-8. The number of votes to be voted by a
23 particular landowner shall be specified on the ballot provided to that landowner.

24 If, following the Public Hearing described herein, the Board determines to form CFD No. 05-8
25 and proposes allow the annexation of territory to CFD No. 05-8 that is located within the boundaries of
26 the Annexation Map in the future, the Board shall so provide. The owner of the property to be annexed
27 shall submit a written consent to said annexation to CFD No. 05-8 and the Board, acting *ex-officio* as the
28 Legislative Body of CFD No. 05-8, shall call a special election as to the imposition of the Special Tax on

1 said property as required by law.

2 Section 18. Notice of the time and place of the Public Hearing shall be given by the Clerk of the
3 Board in the following manner: A Notice of Public Hearing, as prepared by bond counsel, in the form
4 required by Section 53322 of the Code shall be published in *The Press-Enterprise*, a newspaper of general
5 circulation published in the area of CFD No. 05-8 and the territory within the boundaries of the
6 Annexation Map, which such publication shall be made pursuant to Section 6061 of the Code, and shall
7 be completed at least seven (7) days prior to the date set for the Public Hearing; further, a Notice of Public
8 Hearing in the form referenced in Section 53322.4 of the Code, as prepared by bond counsel, shall be sent
9 by first-class mail, postage prepaid, to each registered voter and to each landowner within CFD No. 05-8,
10 as shown on the last equalized assessment roll or other records of the County unless said mailing is
11 waived by 100% of the registered voters and landowners within proposed CFD No. 05-8.

12 Section 19. Section 53314.9 of the Code provides that, at any time either before or after the
13 formation of a community facilities district, the Legislative Body of the local agency conducting the
14 proceedings to form such community facilities district may accept advances of funds from any source,
15 including, but not limited to, private persons or private entities and may provide, by resolution, for the use
16 of those funds for any authorized purpose, including, but not limited to, paying any costs incurred by such
17 local agency in creating such community facilities district. The Board has previously approved a form of
18 the Deposit Agreement and the Development Agreement. CFD No. 05-8 may repay the funds received
19 pursuant to the Deposit Agreement and the Development Agreement if the Board determines to form CFD
20 No. 05-8 and if the voters of CFD 05-8 approve the proposed Special Tax and issuance and sale of bonds
21 at the election to be conducted pursuant to the Act.

22 Section 20. Based on information furnished to the County, it is anticipated that there are less
23 than 12 registered voters within the boundaries of CFD No. 05-8 and that the qualified electors for the
24 election will be the owners of land within the proposed boundaries of CFD No. 05-8. Contingent on such
25 finding, the Board hereby appoints the Registrar of Voters, or such officer or employee as the Board shall
26 designate, to serve as the election official (the "Election Official") for the election pursuant to Section
27 53326 of the Code. Pursuant to Section 53326(d) of the Code, the Board may determine to distribute the
28 ballots for such election by mail or other delivery service. Territory within the boundaries of the

1 Annexation Map may annex to CFD No. 05-8 upon the owner of the property to be annexed submitting a
2 written consent to said annexation to CFD No. 05-8 and the Board, acting *ex-officio* as the Legislative
3 Body of CFD No. 05-8, calling a special election as to the imposition of the Special Tax on said property
4 as required by law.

5 Section 21. In the opinion of the Board, the public interest will not be served by allowing the
6 property owners within CFD No. 05-8 to enter into a contract in accordance with subdivision (a) of
7 Section 53329.5 of the Code and, accordingly, the Board hereby provides that such property owners may
8 not enter into a contract in accordance with said Code section.

9 Section 22. Pursuant to the Local Agency Special Tax and Bond Accountability Act, Section
10 50075.1 *et seq.* of the Code, (a) the ballot measure referred to herein shall contain a statement indicating
11 the specific purposes of the Special Taxes, (b) the Special Taxes shall be applied only to the purposes
12 specified in the ballot measure, (c) there shall be created by CFD No. 05-8 an account into which
13 proceeds of the Special Tax levies will be deposited, and (d) the County Executive Office is hereby
14 directed to cause an annual report to be provided to the Board as required by Section 50075.3 of the Code.

15 Section 23. Except to the extent limited in any bond resolution, the fiscal agent agreement or
16 trust indenture related to the issuance of bonds, the Board hereby reserves to itself all rights and powers
17 set forth in Section 53344.1 of the Code relating to tenders in full or partial payment of bonds.

18 Section 24. Because specific Facility alignments and plans have not yet been determined, the
19 formation of CFD No. 05-8 and the levy of Special Taxes have no potential for resulting in a physical
20 change in the environment and no meaningful environmental analysis can be conducted at this time. As a
21 result, the formation of CFD No. 05-8 and the levy of Special Taxes are not “projects” within the meaning
22 of the California Environmental Quality Act (“CEQA”) and the County shall prepare and forward a
23 Notice of Exemption to the Clerk of the Board who shall in turn cause said notice to be posted by the
24 County Clerk. The County shall prepare or cause to be prepared a project specific environmental analysis
25 in compliance with CEQA for a given Facility prior to bonds being issued and sold to finance the
26 acquisition or construction of that Facility, or prior to a construction contract being awarded for the
27 construction of that Facility, whichever occurs first.

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Section 25. The officers of the Board and their authorized representatives, are, and each of them acting alone is, hereby authorized to execute any and all documents and agreements and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

Section 26. This Resolution shall take effect immediately upon its adoption.

PASSED APPROVED AND ADOPTED this 28th day of February, 2006.

By: _____
Bob Buster, Chairman of the Board of Supervisors of the County of Riverside

ATTEST:
Nancy Romero, Clerk of the Board of Supervisors, County of Riverside

By: _____
Deputy

FORM APPROVED
COUNTY COUNSEL
FEB 21 2006
BY *[Signature]*

1 STATE OF CALIFORNIA)
) ss:
2 COUNTY OF RIVERSIDE)

3 **CERTIFICATION**

4 I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside, Riverside County,
5 California, do hereby certify that the foregoing Resolution was introduced and adopted at a regular
6 meeting of the Board held on the 28th day of February, 2006, by the following vote:

7 AYES:

8 NOES:

9 ABSENT:

10 ABSTAIN:

11 IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 2006.

12
13
14 NANCY ROMERO, Clerk of the Board
of Supervisors, County of Riverside

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17 By: _____
Deputy

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EXHIBIT A

**BOUNDARY MAP
OF COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE**

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BOUNDARY MAP COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2006, BY ITS RESOLUTION NO. _____.

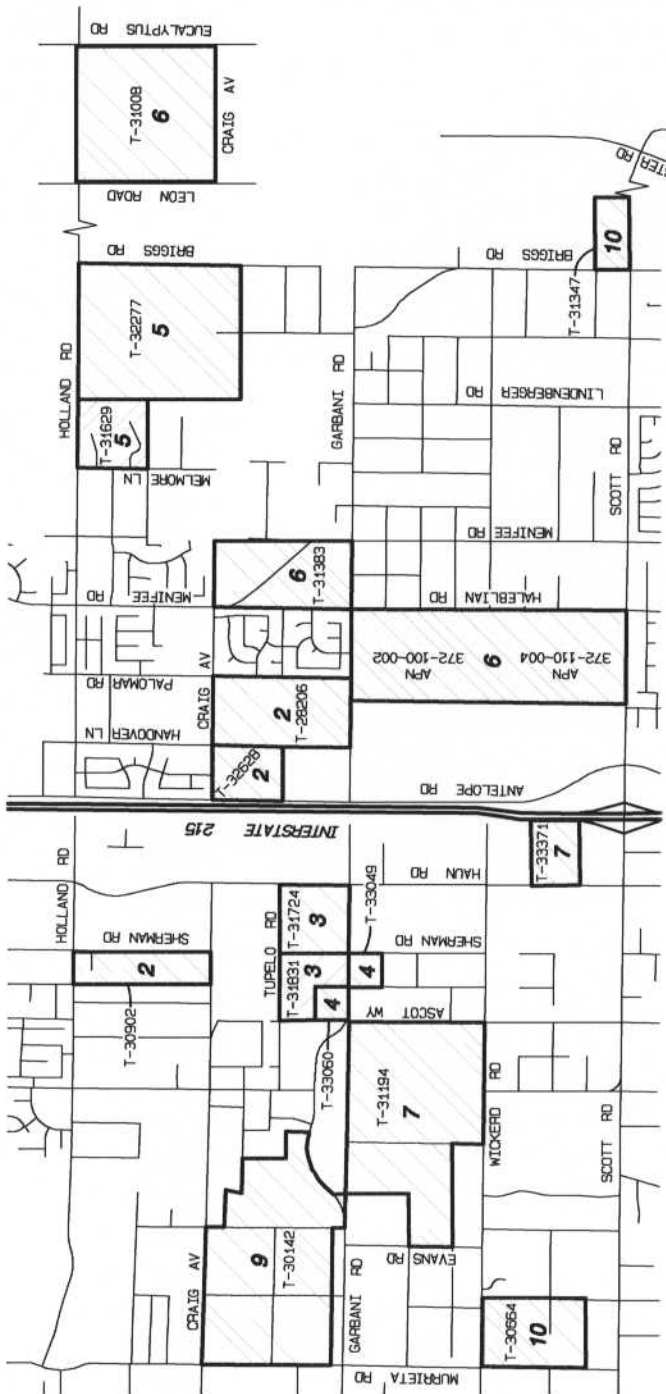
RECORDED THIS _____ DAY OF _____, 2006 AT THE HOUR OF _____ O'CLOCK _____ IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.
 FEE: _____ NO. _____
 LARRY N. MARO, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

CLERK OF THE BOARD OF SUPERVISORS

BY: _____ DEPUTY

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA THIS _____ DAY OF _____, 2006

CLERK OF THE BOARD OF SUPERVISORS



LEGEND

———— DISTRICT BOUNDARY

2 SHEET NUMBER

- INDEX SHEET - 1
- TRACT 28206 SHEET - 2
- TRACT 32828 SHEET - 2
- TRACT 30902 SHEET - 2
- TRACT 31831 SHEET - 3
- TRACT 31724 SHEET - 3
- TRACT 33049 SHEET - 4
- TRACT 33060 SHEET - 4
- TRACT 31629 SHEET - 5
- TRACT 32277 SHEET - 5
- TRACT 31383 SHEET - 6
- TRACT 30664 SHEET - 6
- TRACT 33371 SHEET - 7
- TRACT 31194 SHEET - 7
- TRACT 32335 SHEET - 8
- TRACT 30142 SHEET - 9
- TRACT 30664 SHEET - 10
- TRACT 31347 SHEET - 10
- TRACT 31008 SHEET - 11



INDEX MAP

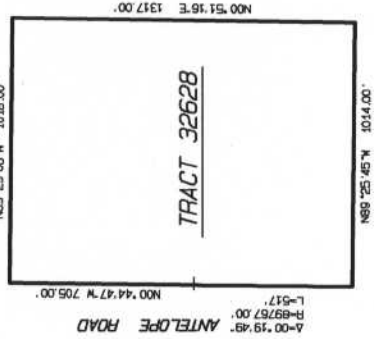
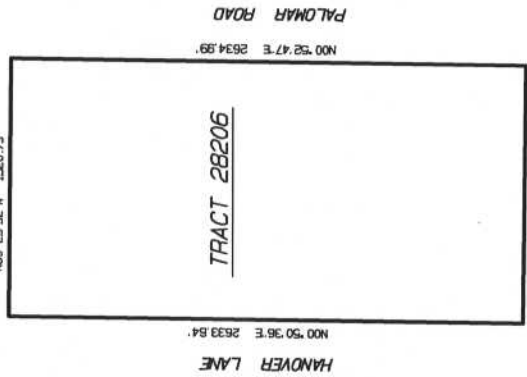
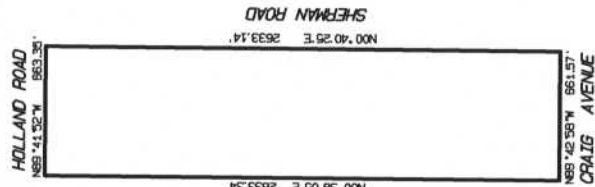
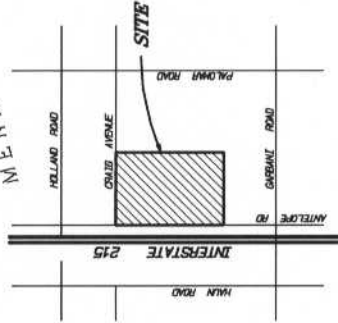
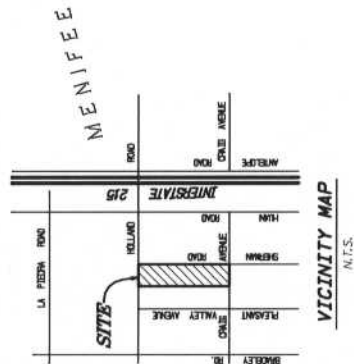
NOT TO SCALE

ALBERT A. WEBB ASSOCIATES ENGINEERING CONSULTANTS
 THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

APN'S 467-070-017, 018, 021, 022

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
 (SCOTT ROAD)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

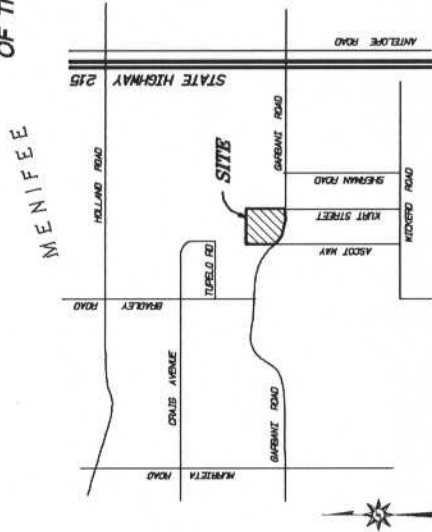
ALBERT A. WEBB ASSOCIATES
 ENGINEERING CONSULTANTS

NOT TO SCALE

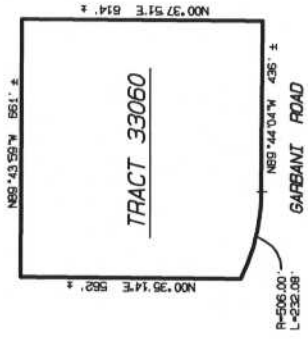
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BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
 (SCOTT ROAD)

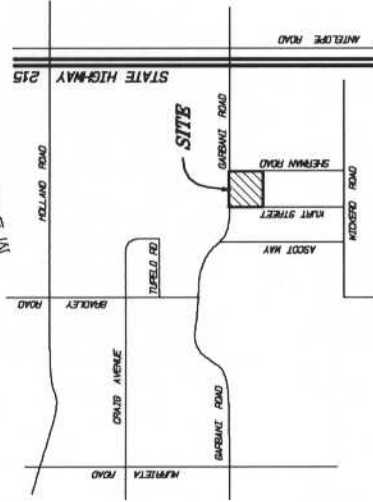
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



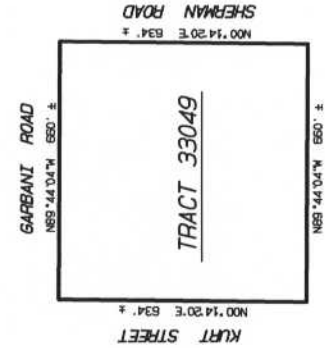
VICINITY MAP
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NOT TO SCALE



VICINITY MAP
 N.T.S.



NOT TO SCALE

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

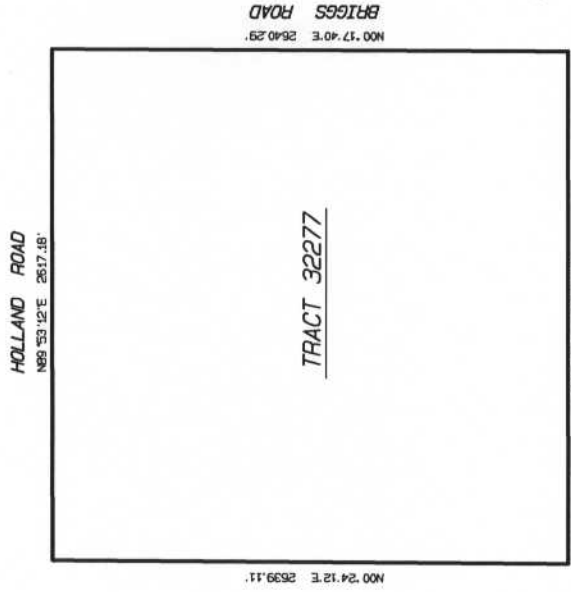
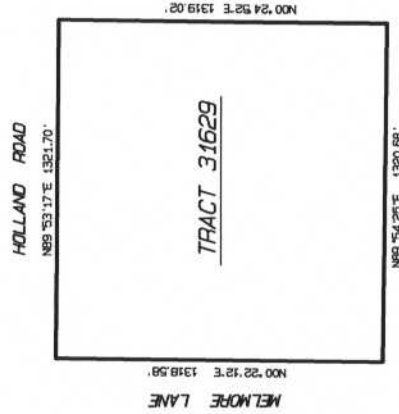
ALBERT A.
WEBB
 ASSOCIATES
 ENGINEERING CONSULTANTS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8

(SCOTT ROAD)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

MENIFEE

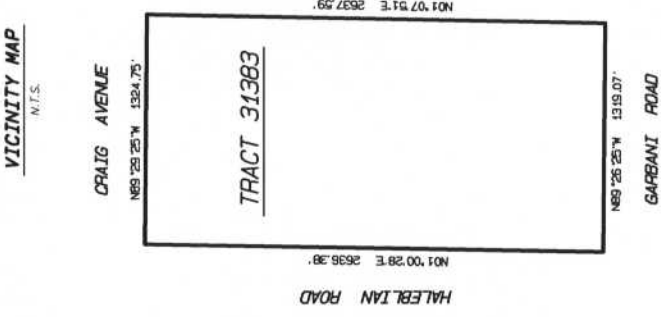
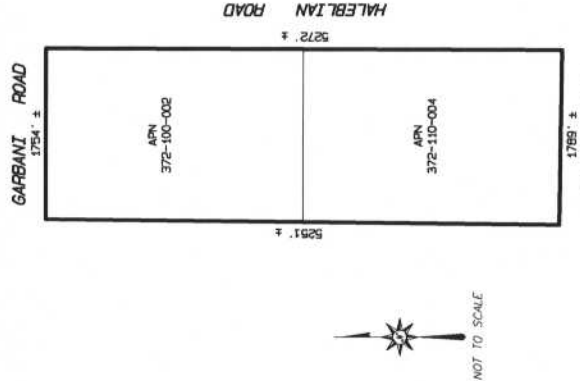
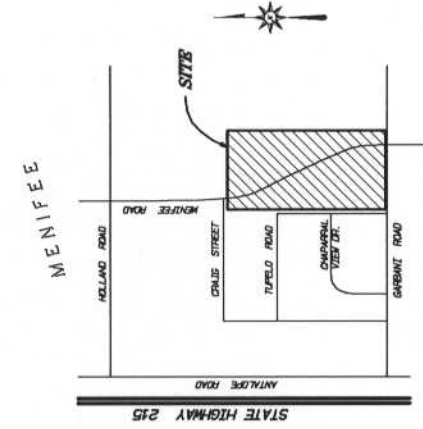
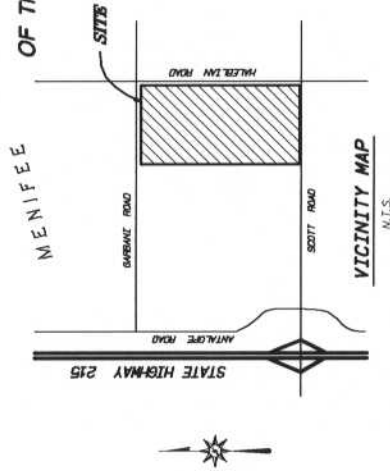


THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE
COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE
LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY
ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

ALBERT A.
WEBB
ASSOCIATES
ENGINEERING CONSULTANTS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
 (SCOTT ROAD)

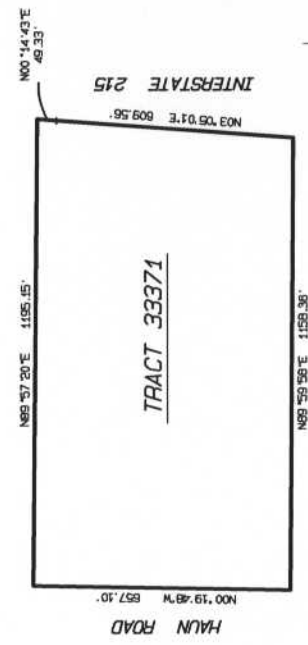
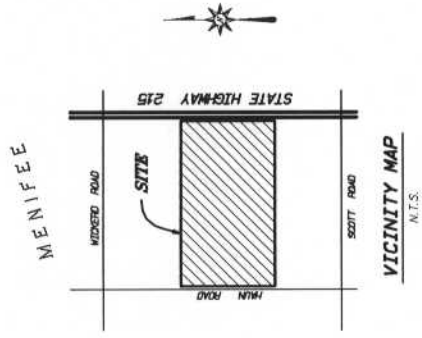
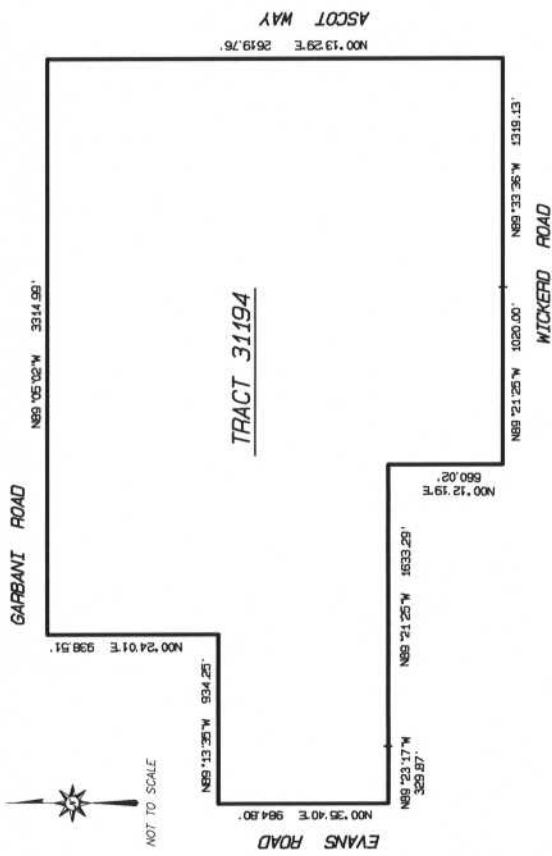
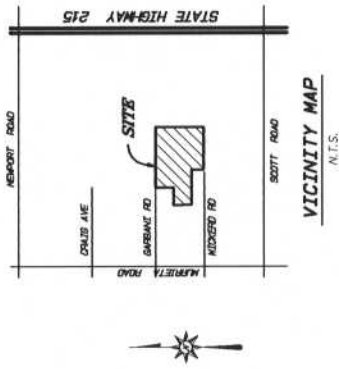
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ALBERT A. WEBB ASSOCIATES ENGINEERING CONSULTANTS
 THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
 (SCOTT ROAD)
 OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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ALBERT A. WEBB ASSOCIATES ENGINEERING CONSULTANTS

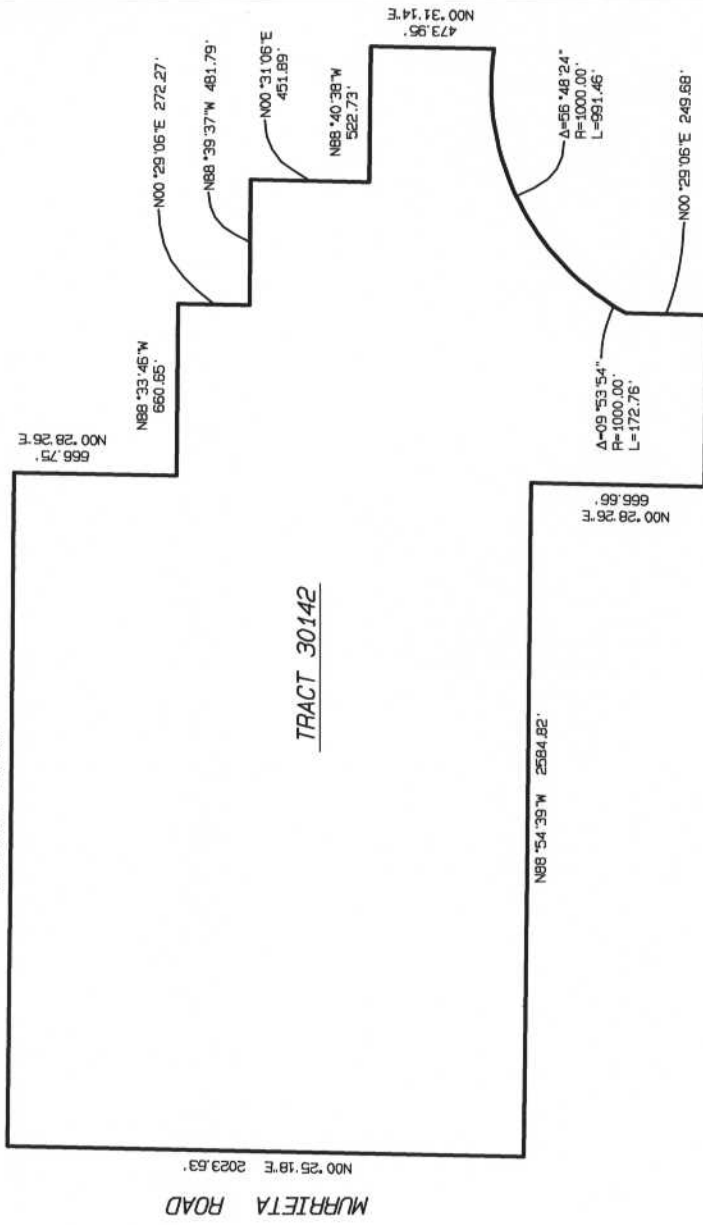
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BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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N88°23'04"W 2642.04'

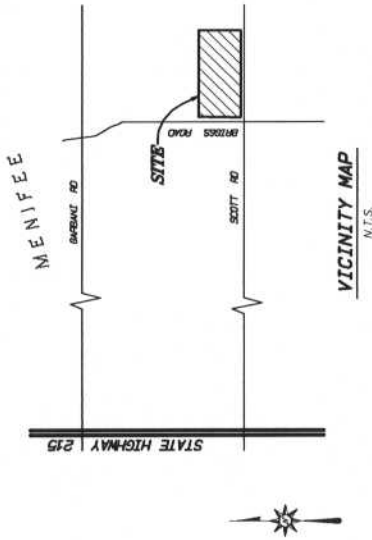


THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT FOR MENIFEE COUNTY. THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

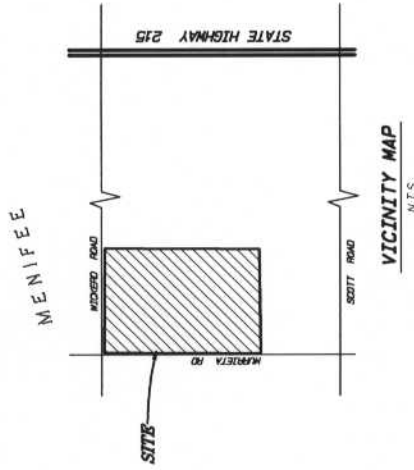
ALBERT A. WEBB ASSOCIATES ENGINEERING CONSULTANTS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)

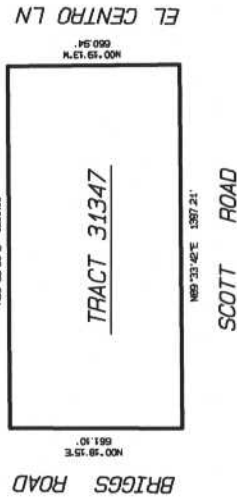
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



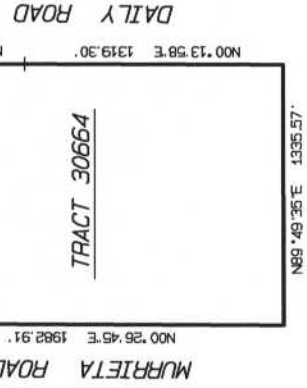
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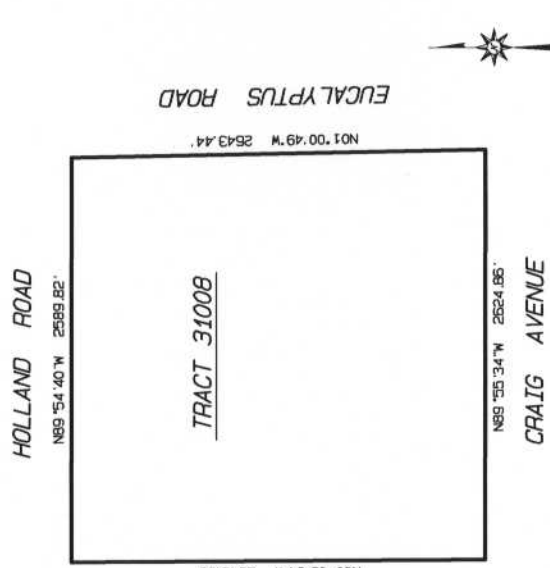
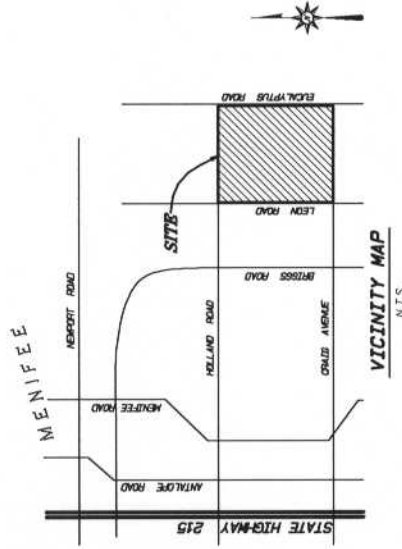
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THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE
COMMUNITY FACILITIES DISTRICT FOR DETAILS CONCERNING THE
LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY
ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

ALBERT A.
WEBB
ASSOCIATES
ENGINEERING CONSULTANTS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

EXHIBIT B

**BOUNDARIES – POTENTIAL ANNEXATION AREA
OF COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE**

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BOUNDARIES - POTENTIAL ANNEXATION AREA

COMMUNITY FACILITIES DISTRICT NO. 05-8

(SCOTT ROAD)

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING POTENTIAL ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2006, BY ITS RESOLUTION NO. _____.

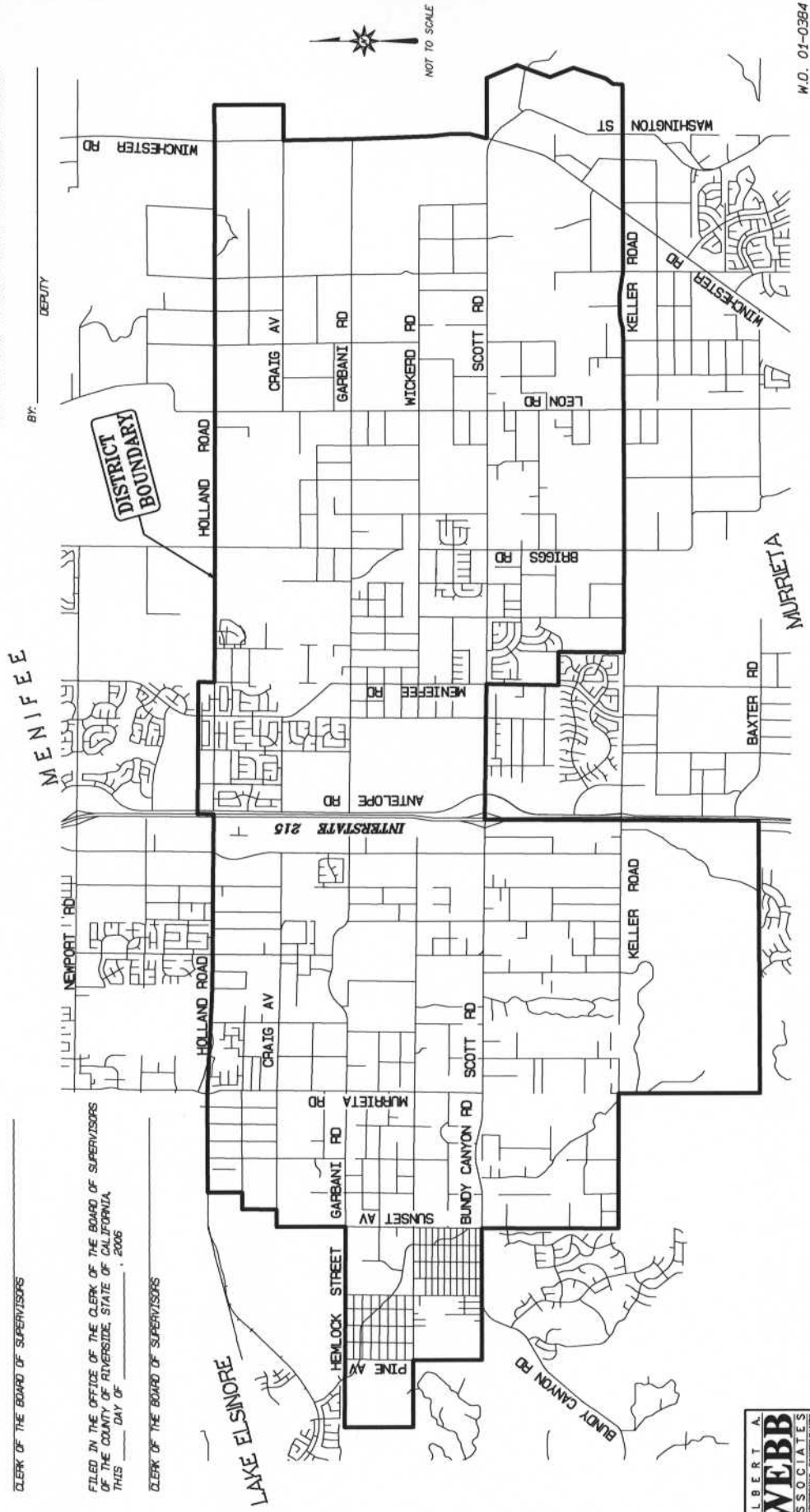
CLERK OF THE BOARD OF SUPERVISORS

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS _____ DAY OF _____, 2006.

CLERK OF THE BOARD OF SUPERVISORS

RECORDED THIS _____ DAY OF _____, 2006 AT THE HOUR OF _____ O'CLOCK P.M. IN BOOK _____ PAGES _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

BY: _____ DEPUTY
FEE: _____ NO: _____ LARRY M. WARD, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER



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**EXHIBIT C
FACILITIES**

Facilities:

The facilities proposed to be financed are facilities that have been identified as eligible for funding by Ordinance No. 824.1 of County, as amended from time to time, including but not limited to: (i) the widening of Scott Road to four lanes between Antelope Road and Briggs Road including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development, (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands, including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development, and (iii) the full width improvement to Scott Road from Antelope Road to State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility consistent with Ordinance No. 824.1 of the County, as amended from time to time. Facilities include other road facilities and appurtenances authorized under the Transportation Uniform Mitigation Fee program adopted by the County by Ordinance No. 824.1, as amended from time to time.

Incidental Expenses:

Incidental expenses proposed to be incurred include the following;

- (a) the cost of planning and designing public facilities to be finance, including the cost of environmental evaluations of those facilities;
- (b) any other expense incidental to the construction, completion and inspection of the authorized work; and
- (c) the cost associated with the designation of CFD No. 05-8, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes or cost otherwise incurred in order to carry out the authorized purpose of CFD No. 05-8.

EXHIBIT D

**RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF COUNTY OF RIVERSIDE**

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**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE**

A Special Tax (all capitalized terms are defined in Section A. Definitions below), shall be levied on each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 05-8 (Scott Road) of the County. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2006-2007, on a Parcel of Taxable Property shall be determined by the Legislative Body, by applying the appropriate Special Tax for each category of Taxable Property as calculated consistent with Sections B., C., and D. All of the real property within the CFD, unless exempted by law, Section E. or non-taxable pursuant to Section H.1. or H.2. shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre or Acreage” means the acreage of a Parcel as stated on the most recent Assessor’s Parcel Map, or if the acreage is not shown on such Assessor’s Parcel Map, the acreage as defined from the applicable Final Map, or similar instrument.

“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 California Government Code.

“Administrative Expenses” means all actual or reasonably estimated costs and expenses of the CFD as determined by the Administrator to be chargeable or allocable to the CFD and as are allowed by the Act and the Indenture, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, Special Tax appeals, initiating and prosecuting a foreclosure action on a Parcel; all trustee/fiscal agent expenses and fees; the cost of rebate compliance calculation, initiating or defending any litigation involving the CFD, continuing disclosure undertakings of the CFD and/or the County, all communications with bondholders, property owners, or other interested persons; and the costs of County staff, consultants, and legal counsel incurred on behalf of the CFD in performing such administrative responsibilities.

“Administrator” means the County Executive Officer of the County, or his or her designee.

“Annexed Property” means Taxable Property that has been annexed into the CFD by the Legislative Body upon determination by the Administrator that (i) the Assigned Special Tax from the Parcel(s) is necessary to provide financing of the full Cost of the Facilities, and (ii) the Parcel(s) are within the area designated as potential Annexed Property as shown on Exhibit B.

“Approved Property” means, for each Fiscal Year, for which a Special Tax is being levied, all Parcels of Taxable Property not classified as Taxable Non-Residential Property, Taxable Property Owners’ Association Property and Taxable Public Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding said Fiscal Year, and (ii) that have not been issued a Building Permit prior to the April 1st preceding said Fiscal Year. Any Final Map recorded prior to July 1st of 2006 shall be treated for the purposes of setting the Assigned Special Tax for such Approved Property as if it were subject to the TUMF in effect as of July 1st of 2006.

“Assessor’s Parcel Map” means, for each Fiscal Year, the official map(s) of the Assessor of the County designating each Parcel by an Assessor’s parcel number.

“Assigned Special Tax” means the Special Tax determined in accordance with Section C., below.

“Backup Special Tax” means the Special Tax determined in Sections C. 2. b. and C. 3. b., below.

“Bonds” means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes.

“Building Permit” means a building permit issued for new construction of any Single Family Residential Unit or Multifamily Residential Unit. For purposes of this definition, Building Permit refers to a permit allowing for construction of a production unit as opposed to a building permit issued in conjunction with a grading permit allowing for the construction of model units.

“CFD” means Community Facilities District No. 05-8 (Scott Road) of the County established pursuant to the Act.

“CFD Boundary Map” means the map recorded at CFD formation and annexation maps

reflecting Annexed Property, Exhibit A.

“Cost of the Facilities” means the calculation of the cost of the Facilities to be constructed including financing costs, e.g. capitalized interest, funding a reserve fund, cost of issuance and underwriter’s discount, as determined by the Administrator.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year after formation of the CFD for which the Special Tax is being levied, each Parcel of Taxable Property not classified as Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property: (i) that is included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year, and (ii) a Building Permit has been issued for a Single Family Residential Unit or a Multifamily Residential Unit on such Parcel prior to April 1st preceding said Fiscal Year. Parcels upon which a model unit has been constructed will be treated as Developed Property when any other Parcel within said Final Map is issued a Building Permit.

“Exempt Property” means, for each Fiscal Year, any Parcel which is exempt from Special Taxes pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Existing Single Family Residential Unit” means any constructed Single Family Residential Unit that is located on a Parcel (i) at the time the CFD is established or (ii) at the time a Parcel is annexed into the CFD.

“Facilities” means, the improvements, within the boundaries of Exhibit B, whose construction or acquisition is identified in the TUMF Program, including but not limited to: (i) the widening of Scott Road to four lanes between Antelope Road and Briggs Road including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (iii) the full width improvement to Scott Road from Antelope Road to State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility with the TUMF

Program, as amended from time to time.

“Final Map” means a recorded final map, parcel map, or lot line adjustment, by which a subdivision of property has been made pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or a recorded condominium plan approved pursuant to California Civil Code Section 1352 that creates Parcels for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 of any calendar year and ending on June 30 of the following calendar year, commencing July 1, 2006.

“July 1st” means the effective date in July of any adjustment to TUMF made pursuant to the TUMF Ordinance; provided that if no adjustment takes effect by July 25, “July 1st” means the first Business Day of July.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

“Land Use Category” means any of the land use categories listed in Table 1, below.

“Legislative Body” means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of the CFD.

“Maximum Special Tax” means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C., which can be levied in such Fiscal Year on any Parcel.

“Multifamily Property” means, for each Fiscal Year, a Parcel designated to be developed with one or more Multifamily Residential Units as determined by the Administrator consistent with the TUMF Ordinance in effect on the date such determination is made; provided, however, that once a Parcel is categorized as Approved Property with a Land Use Category as Multifamily Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Multifamily Residential Unit.

“Multifamily Residential Unit” has the meaning set forth in the TUMF Ordinance;

provided that once a Parcel of Multifamily Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

"Multiple Land Use Property" means, for each Fiscal Year, any Developed Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property uses and Residential Property uses).

"Non-Residential Floor Area" means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for non-residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Non-Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Non-Residential Floor Area is to be treated as Non-Residential Property.

"Non-Residential Property" means, for each Fiscal Year, all Parcels for which a building permit may be issued for any type of non-residential use, provided, however, that if zoning allows either residential construction or non-residential construction, such property shall be categorized as Residential Property until such time as a building permit for non-residential use has been issued.

"Outstanding Bonds" means all Bonds deemed to be outstanding under the Indenture.

"Parcel" means, for each Fiscal Year, each lot or parcel within the boundary of the CFD as shown on an Assessor's Parcel Map to which a parcel number has been assigned.

"Property Owners' Association Property" means, for each Fiscal Year, any Parcel which, as of the January 1 preceding said Fiscal Year, is owned by a property owners' association, including any master or sub-association.

"Proportionately" means for: (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Approved Property, (iii) Undeveloped Property, that the ratio of the actual Special Tax levy per taxable

Acre to the Assigned or Maximum Special Tax per taxable Acre is the same for all Parcels of Undeveloped Property, (iv) Taxable Non-Residential Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Non-Residential Property, (v) Taxable Property Owners' Association Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Property Owners' Association Property, and (vi) Taxable Public Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Public Property.

“Public Property” means, for each Fiscal Year, any Parcel within the boundary of the CFD which, as of the January 1 preceding said Fiscal Year, is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, provided, however, that any Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Residential Floor Area shall be treated as Residential Property.

“Residential Property” means, for each Fiscal Year, Developed Property and Approved Property for which a Building Permit for residential units may be issued, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, a Parcel designated to be developed with one or more Single Family Residential Units as determined by the Administrator; provided, however, that once a Parcel is categorized as Approved Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Single Family Residential Unit.

“Single Family Residential Unit” has the meaning set forth in the TUMF Ordinance;

provided that once a Parcel of Single Family Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

“Special Tax” means, (i) prior to the issuance of any Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Developed Property to be applied towards the Cost of Facilities, and, (ii) subsequent to the issuance of the first series of Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Taxable Property to provide funding for the Special Tax Requirement.

“Special Tax Factor” means the factor stated in column (4) of Table 1 that is to be applied to establish the Assigned Special Tax for Single Family Property and Multifamily Property which is Developed Property or Approved Property.

“Special Tax Requirement” means, for each Fiscal Year, that amount required in each Fiscal Year to pay: (i) annual debt service on all Outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year; (v) for acquisition or construction of Facilities provided such amount does not cause an increase in the Special Tax levy on Approved Property, Undeveloped Property, Taxable Property Owners’ Association Property, Taxable Public Property or Taxable Non-Residential Property; and (vi) any amounts required to establish or replenish any reserve funds for the Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

“Taxable Non-Residential Property” means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Taxable Property” means, for each Fiscal Year, all Parcels in the CFD which are not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Taxable Property Owners’ Association Property” means, for each Fiscal Year, any

Parcel of Property Owners' Association Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"Taxable Public Property" means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"TUMF" means the fee authorized pursuant to the TUMF Ordinance.

"TUMF Ordinance" means Ordinance 824.1 of the County of Riverside as amended from time to time.

"TUMF Percentage Change" means, the percentage increase in the respective TUMF applicable to a Single Family Residential Unit or a Multifamily Residential Unit, as of July 1st of the prior calendar year to July 1st of the current calendar year, beginning with the increase from the respective TUMF in effect as of July 1st of 2005 to the TUMF in effect as of July 1st of 2006.

"TUMF Program" means the Western Riverside County Transportation Uniform Mitigation Fee Program as established by the TUMF Ordinance.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property including residentially zoned property which has not become Approved Property or Developed Property, excluding Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property which has not become Approved Property or Developed Property and which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year in which the Special Tax is levied, each Parcel of Taxable Property shall be categorized as either Undeveloped Property, Approved Property, Developed Property, Taxable Public Property, Taxable Property Owners' Association Property or Taxable Non-Residential Property, and shall be subject to the levy of Special Tax in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C., and D., below. Approved Property and Developed Property shall further be classified as Single Family Property or Multifamily Property.

Any Existing Single Family Residential Unit shall be subject to the levy of the Special Tax as Undeveloped Property. Once a Final Map is recorded that includes the Parcel on which the Existing Single Family Residential Unit is constructed, then: (i) if said Final Map creates a Parcel for the Existing Single Family Residential Unit while such Existing Single Family Residential Unit remains on said Parcel, then said Parcel shall not be subject to the levy of the Special Tax, and the Taxable Property within the boundaries of said Final Map will be treated as Approved Property, or (ii) if said Final Map indicates that the Existing Single Family Residential Unit has been demolished and one or more Parcels have been created over the site on which the Existing Single Family Residential Unit stood, the resulting Parcel(s) and the Taxable Property within the boundaries of said Final Map are to be classified as Approved Property or Developed Property, as applicable.

When Parcels are annexed into the CFD, the Legislative Body shall adopt annexation maps to reflect the inclusion of the Annexed Property.

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

1. Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property.

Maximum Special Tax

As of July 1st of 2005 the Maximum Special Tax for each Parcel of Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is the amount per Acre stated in column (5) of Table 1 times the Acreage of the Parcel.

On July 1st of each Fiscal Year commencing July 1st of 2006, the Maximum Special Tax per Acre for Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property shall increase by the greater of 2.00% or the TUMF Percentage Change for a Single Family Residential Unit for the period beginning on July 1st of the prior calendar year to the next succeeding July 1st on which date the calculation is being made.

2. Approved Property

a. Assigned Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, (i) the Assigned Special Tax for each Parcel to be developed as Single Family Property, as shown on the Final Map, shall be the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the Special Tax Factor, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the number of proposed dwelling units as shown on the Final Map or as determined by the Administrator, multiplied by the Special Tax Factor.

For any Parcel that becomes Approved Property prior to July 1st of 2006, the TUMF in effect on July 1st of 2006 for shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, the Assigned Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for said Parcel for the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section C.2. a. or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be established as the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Approved Property. On July 1st of each Fiscal Year commencing July 1st of 2007, the Backup Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Backup Special Tax in

effect the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

3. Developed Property

a. Assigned Special Tax

Upon determination that any Parcel within a Final Map of Taxable Property is Developed Property, (i) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Single Family Property, as shown on the Final Map, shall be established as the greater of (a) product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Single Family Property within that Final Map multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcels as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property, and (ii) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Multifamily Property, as determined by the Administrator, shall be established as the greater (a) the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Multifamily Property within that Final Map multiplied by the number of dwelling units in the Building Permit for said Parcel, as determined by the Administrator, multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcel as

Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property.

The Special Tax established for Developed Property within a Final Map shall be applied to an individual Parcel within said Final Map only after a Building Permit has been issued for such Parcel.

For any Parcel that becomes Developed Property prior to July 1st of 2006, the TUMF effective on July 1st of 2006 shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, after a Parcel is determined to be Developed Property, the Assigned Special Tax for a Parcel of Developed Property shall increase by an amount equal to 2.00% of the Assigned Special Tax as Developed Property in effect for such Parcel of Developed Property as of July 1st of the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section 3.a. above, or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that any Parcel of Taxable Property within a Final Map is Developed Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property within such Final Map shall be established as the Assigned Special Tax for such Parcel at the time such Parcel's Developed Property Assigned Special Tax rate is established. On July 1st of each Fiscal Year commencing July 1st of 2007, the Developed Property Backup Special Tax for any Parcel within such Final Map shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for such Final Map the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within

such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

4. Multiple Land Use Property

In some instances a Parcel of Developed Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on the Residential portion of such a Parcel shall be the sum of the Assigned Special Tax levies for Residential Land Use Category on that Parcel. The Maximum Special Tax levied on the Residential portion of a Parcel shall be the Maximum Special Tax levy that can be imposed on the Residential Land Use Category on that Parcel. The Taxable Non-Residential portion of such parcel shall be subject to the Special Tax in Accordance with the Fifth step of Section D, below.

For purposes of calculating the Backup Special Tax for the Residential Land Use Category of Developed Property under such circumstances, the Acreage assigned to the Residential Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

TABLE 1
Special Taxes
For Fiscal Year 2005-2006

| (1) Land Use Category | (2) Taxable Parcel/Acre | (3) Current TUMF as of July 1 st , 2005 | (4) Special Tax Factor | (5) Assigned Special Tax Per Parcel/Unit/Acre |
|---|-------------------------------|---|---------------------------------|--|
| 1 – Developed Single Family Property | Parcel | \$7,248 | 11.3% | \$819.02 |
| 2. – Approved Single Family Property | Parcel | \$7,248 | 11.3% | \$819.02 |
| 3 – Developed Multifamily Property | Unit | \$5,021 | 11.3% | \$567.37 |
| 4. – Approved Multifamily Property | Unit | \$5,021 | 11.3% | \$567.37 |
| 5 – Undeveloped Property | Acre | N/A | N/A | \$2,018.94 |
| 6 – Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property | Acre | N/A | N/A | \$2,018.94 |

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-2007 and for each following Fiscal Year, the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps:

First: Prior to the issuance of any series of Bonds, the Special Tax shall be levied on each Parcel of Developed Property for which a Building Permit has been issued at 100% of the applicable Assigned Special Tax to be applied to the Cost of the Facilities; subsequent to the issue of the first series of Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax levied on each Parcel of Approved Property and Developed Property shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Parcel as needed to satisfy the Special Tax Requirement;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Non-Residential Property up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property Owners' Association Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Seventh: If additional moneys are needed to satisfy the Special Tax Requirement after the first six steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Parcel within the CFD.

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of the CFD and not otherwise exempt pursuant to this Section E, shall be subject to the levy of Special Tax pursuant to Section 53317.3 or 53317.5 of the Act.

The Special Tax shall not be imposed upon any of the following:

The Legislative Body shall not levy Special Taxes on up to 569 Acres of Public Property, Property Owners' Association Property or Non-Residential Property within the CFD which include, but are not limited to, public streets, water and sewer facilities, flood control drainage channels, public schools or property dedicated and restricted for the use as open space, park, habitat reserve, golf course clubhouse or recreational facilities, non-residential development, or utility property utilized for the provision of services to the public or a property encumbered with public or utility easements making impractical its utilization for other than the purpose set forth in the easement.

After the limit of Acres above has been reached, the Administrator will review additional requests for Exempt Property to verify that Special Taxes that could be levied on Taxable Property in each Fiscal Year, assuming such exemption were approved and assuming the current status of development and the expected development plan for all Parcels within the CFD for which an approved tentative tract map has been issued, are at least 110% of the annual debt service requirements for each Fiscal Year through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, and if all Bonds of the CFD have not been issued, an amount that takes into account Bonds to be issued for the full Cost of the Facilities. If Special Taxes will not provide at least 110% of the debt service requirements through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, plus, if all Bonds of the CFD have not been issued, an amount such that taking into account Bonds to be issued for the full Cost of the Facilities, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property and/or Non-residential Property may prepay pursuant to the provision within Section H., below. Until the Special Tax obligation is prepaid as provided for in the preceding sentence, the parcel will be categorized as Taxable Non-Residential Property, Taxable Property Owners' Association Property and/or Taxable Public Property and will be subject to the levy of the Special Tax as provided for in the Fifth step, the Sixth step and the Seventh step of Section D. above.

For Annexed Property, increases to the stated amount of Exempt Property Acres as stated in the third paragraph of this Section E. will be increased as determined appropriate by the Administrator.

F. MANNER OF COLLECTION, PENALTIES, PROCEDURE AND LIEN PRIORITY

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the CFD may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of 10% of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1st after the delinquency date and the first of each month thereafter until redeemed.

G. APPEALS

Any owner of a Parcel claiming that the amount of the Special Tax levied on such Parcel is not correct and/or requesting a refund may file a written notice of appeal with the Administrator once the Special Tax in dispute has been paid but, not later than 12 months after the mailing of the property tax bill on which the Special Tax appears. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, convene the CFD Special Tax Review Board and decide the appeal. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

H. PREPAYMENT OF SPECIAL TAX

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property or Public Property, Property Owners' Association Property and/or Non-residential Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification hereunder of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

An owner of a Parcel intending to prepay the Maximum Special Tax obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within 15 business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Parcel. Within 15 business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than 60 business days prior to any redemption date, unless authorized by the Administrator, for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

1. Prepayment in Full – Before the Administrator has determined that the full Cost of the Facilities has been provided for

The prepayment before the Full Cost of the Facilities has been provided for shall equal the present value of the remaining payments of the Special Tax (computed assuming that the Maximum Special Tax will be paid through Fiscal Year 2049-2050, starting from December 10th of the Fiscal Year of the prepayment and annually on such date thereafter and using a discount rate equal to 7.00% per year), and *provided* that the foregoing Prepayment Amount shall be increased if the Administrator determines that such increase is necessary so that the total Prepayment amount will be at least equal to the Parcel's TUMF obligation and estimated Administrative Expenses. The CFD shall not be obligated to redeem Bonds, but may apply the Prepayment Amount and Bond Redemption Amount towards the Costs of the Facilities.

With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

2. Prepayment in Full – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Prepayment Amount (defined below) after the Full Cost of the Facilities has been provided for shall equal the sum of the amount as identified below (capitalized terms as defined below):

| | |
|---------------|----------------------------------|
| | Bond Redemption Amount |
| plus | Redemption Premium |
| plus | Defeasance Amount |
| plus | Administrative Fees and Expenses |
| less | Reserve Fund Credit |
| Total: equals | Prepayment Amount |

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Developed Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel. For Parcels of Public Property, Property Owners' Association Property and/or Non-residential Property to be prepaid, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel.
3. Divide the Maximum Special Tax obligation derived pursuant to paragraph 2 by the total calculated Maximum Special Taxes for the current Fiscal Year for the entire CFD.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year

until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.

7. Determine the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.
8. Compute the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
9. Add the amounts derived pursuant to paragraphs 6 and 7 and subtract the amount derived pursuant to paragraph 8 (the "*Defeasance Amount*").
10. Verify the administrative fees and expenses, including the costs of computation of the Prepayment Amount, the costs to invest the Prepayment Amount, the costs of redeeming the Outstanding Bonds, and the costs of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the "*Administrative Fees and Expenses*").
11. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit (the "*Prepayment Amount*").
13. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds, make debt service payments, or be applied towards the Costs of the Facilities. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Maximum Special Tax obligation prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

3. Prepayment in Part – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Maximum Special Tax on a Parcel of Developed Property may be partially prepaid in increments of \$5,000, only after the Administrator has determined that the full Cost of the Facilities has been provided for. For purposes of determining the partial prepayment amount, the provision of Section H.2 shall be modified as provided by 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 H.2

F = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax obligation.

A = the Administrative Fees and Expenses determined pursuant to Section H.2

With respect to any Parcel for which the Maximum Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 13 of Section H.2, and (ii) indicate in the records of the CFD that there has

been a Partial Prepayment for the Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage (1.00 - F) of the Maximum Special Tax obligation will, and the Special Tax shall continue on the Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

Special Taxes shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall Special Taxes be levied after Fiscal Year 2049-2050 or the latest scheduled maturity of the final series of Bonds, whichever is sooner.

2 **RESOLUTION NO. 2006-073**

3 **A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF**
4 **RIVERSIDE DECLARING THE INTENTION TO INCUR BONDED**
5 **INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$100,000,000 OF THE**
6 **PROPOSED COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)**
7 **OF THE COUNTY OF RIVERSIDE**

8 **WHEREAS**, this Board of Supervisors (the "Board") has this date adopted its Resolution stating
9 its intention to form Community Facilities District No. 05-8 (Scott Road) of the County of Riverside
10 ("CFD No. 05-8") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") being
11 Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Code"),
12 and such community facilities district may finance road facilities, appurtenances and other public
13 improvements as authorized in the proceedings (the "Facilities"); and

14 **WHEREAS**, it is the intention of the Board to finance all or a portion of the Facilities through the
15 issuance of bonds, the payment of interest on and principal of which will be secured by such special tax,
16 all as authorize pursuant to the Act; and

17 **WHEREAS**, in order to finance said Facilities, it is necessary to incur bonded indebtedness for
18 the proposed CFD No. 05-8 in an amount not to exceed \$100,000,000.

19 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND**
20 **ORDERED** by the Board of Supervisors of the County of Riverside as follows:

21 **Section 1.** All of the above recitals are true and correct.

22 **Section 2.** It is necessary to incur bonded indebtedness with respect to property within the
23 boundaries of the proposed CFD No. 05-8, and with respect to property within the boundaries of the
24 annexation area of CFD No. 05-8, should properties within such annexation area be annexed to CFD No.
25 05-8, in the amount of not to exceed \$100,000,000 to finance said Facilities and incidental expenses as
26 authorized by the proceedings relating to CFD No. 05-8.

27 **Section 3.** The bonded indebtedness described in Section 2 is proposed to be incurred for the
28 purpose of payment of the costs of design, engineering, acquisition, installation and construction of the
Facilities and incidental expenses, including costs incidental to or connected with the accomplishment of
said purposes and of the financing thereof, such as reserve funds for the bonds, the financing of cost

1 associated with the issuance of the bonds and all other costs and expenses necessary to finance the
2 Facilities which are permitted to be financed pursuant to the Act.

3 **Section 4.** This Board, acting as the Legislative Body for CFD No. 05-8 (the "Legislative
4 Body"), intends to authorize the issuance and sale of more than one series of the bonds in the maximum
5 aggregate principal amount of \$100,000,000, bearing interest payable semi-annually or in such other
6 manner as the Legislative Body shall determine, at a rate not to exceed the maximum rate of interest as
7 may be authorized by applicable law at the time of sale of such bonds, and maturing not to exceed thirty-
8 five (35) years from the date of the issuance of said bonds.

9 **Section 5.** Tuesday, April 4, 2006, at 9:30 a.m., or as soon thereafter as the matter may be
10 heard, in the Board Chambers of the County Administrative Center, 4080 Lemon Street, 1st Floor,
11 Riverside, California 92501-3651, and the same are hereby appointed and fixed as the time and place
12 when and where the Legislative Body will conduct a public hearing on the proposed debt issue for CFD
13 No. 05-8 and consider and finally determine whether the public interest, convenience and necessity
14 require the issuance of bonds of CFD No. 05-8. At the above-mentioned time and place for such public
15 hearing, any persons interested, including all taxpayers, property owners and registered voters within
16 CFD No. 05-8, may appear and be heard, and the testimony of all interested persons or taxpayers for or
17 against the necessity to incur bonded indebtedness for CFD 05-8 or on any other matters set forth herein,
18 will be heard and considered.

19 Any protests may be made orally or in writing, except that any protests pertaining to the regularity
20 of sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and
21 defects to which the objection is made. All written protests shall be filed with the Clerk of the Board of
22 the County on or before the time fixed for such public hearing, and any written protest may be withdrawn
23 in writing at any time before the conclusion on such public hearing.

24 **Section 6.** The Clerk of the Board is hereby directed to cause notice of said public hearing to
25 be given by publication one time in *The Press-Enterprise*, a newspaper of general circulation circulated
26 within CFD No. 05-8. The publication of said notice shall be completed at least seven (7) days before the
27 date herein set for said public hearing.

28 **Section 7.** The officers of the Board and their authorized representatives, are, and each of

1 them acting alone is, hereby authorized to execute any and all documents and agreements and do and
2 perform any and all acts and things, from time to time, consistent with this Resolution and necessary or
3 appropriate to carry the same into effect and to carry out its purpose.

4 **Section 8.** This Resolution shall take effect immediately upon its adoption.
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FORM APPROVED
COUNTY COUNSEL

FEB 21 2006

BY 

1 **PASSED, APPROVED AND ADOPTED**, this 28th day of February, 2006.

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By: _____
Bob Buster, Chairman of the Board
of Supervisors of the County of Riverside

ATTEST:
Nancy Romero, Clerk of the Board
of Supervisors, County of Riverside

Deputy

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CERTIFICATION

I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside, Riverside County, California, do hereby certify that the foregoing Resolution was introduced and adopted at a regular meeting of the Board held on the __ the day of February, 2006, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 2006.

NANCY ROMERO, Clerk of the Board
of Supervisors, County of Riverside

By: _____
Deputy