

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

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FROM: EXECUTIVE OFFICE

SUBMITTAL DATE:
April 10, 2007

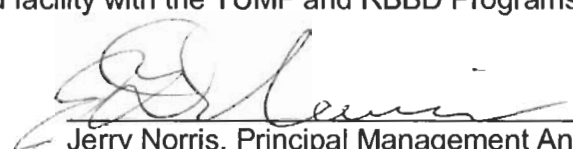
SUBJECT: Initiation of Proceedings to Form Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside.

RECOMMENDED MOTION: That the Board approve and adopt: (1) Resolution No. 2007-189 Declaring its Intention (i) to establish Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside, and (ii) to levy a special tax to finance the construction of certain public facilities and to pay debt service on the bonded indebtedness, (2) Resolution No. 2007-190 Declaring the Intention to Incur Bonded Indebtedness in an amount not to exceed \$60,000,000 for the proposed Community Facilities District, and, (3) set a Public Hearing for June 12, 2007 at 9:30 am.

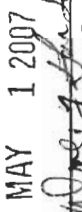
BACKGROUND: Property owners in the vicinity of Clinton Keith Road have requested that the County form a community facilities district to fund improvements to Clinton Keith Road in order to satisfy a condition of development imposed by the Transportation Department. The proposed community facilities district (the "CFD") will ultimately be comprised of sufficient non-contiguous acreage within the boundaries of the Southwest Road and Bridge Benefit District (RBBB) to fund the improvements.

It is the intent of the County that the CFD will issue bonds to fund the widening of Clinton Keith Road between Antelope Road and 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 and RBBB Programs.

Continued on Page 2


Jerry Norris, Principal Management Analyst

FORM APPROVED
COUNTY COUNSEL

MAY 1 2007


Departmental Concurrence

BY	FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
		Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
		Annual Net County Cost:	\$ N/A	For Fiscal Year:	06/07

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 

- Policy
- Policy
- Consent
- Consent

Dept's Recomm.:
Per Exec. Ofc.:

2 **RESOLUTION NO. 2007-189**

3 **RESOLUTION OF THE BOARD OF SUPERVISORS OF**
4 **THE COUNTY OF RIVERSIDE OF INTENTION TO**
5 **ESTABLISH A COMMUNITY FACILITIES DISTRICT AND**
6 **TO AUTHORIZE THE LEVY OF SPECIAL TAXES AND**
7 **SETTING A DATE AND TIME FOR A PUBLIC HEARING**
8 **THEREON**

9 **WHEREAS**, a community facilities district may be established under the Mello-Roos
10 Community Facilities Act of 1982 (the “Act”) in order to finance certain public capital facilities;

11 **WHEREAS**, proceedings for the establishment of a community facilities district under
12 the Act may be instituted by the legislative body of a local agency on its own initiative;

13 **WHEREAS**, the Board of Supervisors (the “Board of Supervisors”) of the County of
14 Riverside (the “County”) constitutes the legislative body of a local agency for purposes of the
15 Act;

16 **WHEREAS**, the Board of Supervisors desires to institute proceedings to establish a
17 community facilities district (the “Community Facilities District”) and to authorize the levy of
18 special taxes therein in order to finance certain public capital facilities;

19 **WHEREAS**, Section 53314.9 of the California Government Code (the “Government
20 Code”) provides that, at any time either before or after the formation of a community facilities
21 district, the legislative body may accept advances of funds from any source, including, but not
22 limited to, private persons or private entities and may provide, by resolution, for the use of those
23 funds for any authorized purpose;

24 **WHEREAS**, Section 53314.9 of the Government Code further provides that the
25 legislative body may enter into an agreement, by resolution, with the person or entity advancing
26 the funds, to repay all or a portion of the funds advanced, as determined by the legislative body,
27 with or without interest, under all the following conditions: (a) the proposal to repay the funds is
28 included in both the resolution of intention to establish a community facilities district adopted
pursuant to Section 53321 of the Government Code and in the resolution of formation to establish
a community facilities district pursuant to Section 53325.1 of the Government Code, (b) any

1 proposed special tax is approved by the qualified electors of the community facilities district
2 pursuant to the Government Code, and (c) any agreement shall specify that if the qualified
3 electors of the community facilities district do not approve the proposed special tax, the local
4 agency shall return any funds which have not been committed for any authorized purpose by the
5 time of the election to the person or entity advancing the funds;

6 **WHEREAS**, the County of Riverside (the “County”) and NNP-Spencer’s Crossing, LLC,
7 as predecessor to Lennar Spencer’s Crossing, LLC (“Lennar”), entered into a Development Fee
8 Credit Agreement, dated November 2, 2004 (the “Original NNP Agreement”), in order to provide
9 for the advancement of funds by the original developer to be used to pay costs incurred in
10 connection with the engineering plans for the construction of Clinton Keith Road as a six-lane
11 urban arterial from Antelope Road to State Route 79 (“Clinton Keith Road”), and to provide for
12 certain fee credits and for the reimbursement of such funds advanced from the proceeds of any
13 special tax bonds issued by the Community Facilities District;

14 **WHEREAS**, the County and Lennar are entering into Amendment No. 1 to Development
15 Fee Credit Agreement for Clinton Keith Road (together with the Original NNP Agreement, the
16 “Lennar Agreement”) in accordance with Section 53314.9 of the Act in order to provide for the
17 advancement of additional funds by Lennar to be used to pay costs incurred in connection with
18 the acquisition of necessary land, rights-of-way and easements in connection with the
19 construction of Clinton Keith Road, and to provide for certain fee credits and for the
20 reimbursement to Lennar of all funds advanced under the Lennar Agreement, without interest,
21 from the proceeds of any special tax bonds issued by the Community Facilities District;

22 **WHEREAS**, the County and BC Yates Road, LLC (“BC Yates”) are entering into a
23 Mello-Roos Advance Proposal and Reimbursement Agreement for the Clinton Keith Road CFD
24 (the “BC Yates Agreement”) in accordance with Section 53314.9 of the Act in order to provide
25 for the advancement of funds by BC Yates to be used to pay costs incurred in connection with the
26 acquisition of necessary land, rights-of-way and easements and other costs in connection with the
27 construction of Clinton Keith Road, and to provide for the reimbursement to BC Yates of all
28 funds advanced under the BC Yates Agreement, without interest, from the proceeds of any

1 special tax bonds issued by the Community Facilities District;

2 **WHEREAS**, the County and Hill County, S. A. LTD (“Hill County”) are entering into a
3 Development Fee Credit Agreement for Clinton Keith Road (the “Hill County Agreement”) in
4 accordance with Section 53314.9 of the Act in order to provide for certain fee credits and for the
5 advancement of funds by Hill County to be used to pay costs incurred in connection with the
6 acquisition of necessary land, rights-of-way and easements in connection with the construction of
7 Clinton Keith Road, and to provide for the reimbursement to Hill County of all funds advanced
8 under the Hill County Agreement, without interest, from the proceeds of any special tax bonds
9 issued by the Community Facilities District;

10 **WHEREAS**, the County and KB Home Coastal Inc. (“KB Home”) also are entering into
11 a Development Fee Credit Agreement for Clinton Keith Road (the “KB Home Agreement”) in
12 accordance with Section 53314.9 of the Act in order to provide for the advancement of funds by
13 KB Home to be used to pay costs incurred in connection with the acquisition of necessary land,
14 rights-of-way and easements in connection with the construction of Clinton Keith Road, and to
15 provide for certain fee credits and for the reimbursement to KB Home of all funds advanced
16 under the KB Home Agreement, without interest, from the proceeds of any special tax bonds
17 issued by the Community Facilities District;

18 **WHEREAS**, the County and Warm Springs Investments, LTS (“Warm Springs”) also are
19 entering into a Development Fee Credit Agreement for Clinton Keith Road (the “Warm Springs
20 Agreement”) in accordance with Section 53314.9 of the Act in order to provide for certain fee
21 credits and for the advancement of funds by Warm Springs to be used to pay costs incurred in
22 connection with the acquisition of necessary land, rights-of-way and easements in connection
23 with the construction of Clinton Keith Road, and to provide for the reimbursement to Warm
24 Springs of all funds advanced under the Warm Springs Agreement, without interest, from the
25 proceeds of any special tax bonds issued by the Community Facilities District;

26 **WHEREAS**, the County and Barratt American Incorporated (“Barratt” and together with
27 Lennar, BC Yates, Hill County, KB Home and Warm Springs, the “Developers”) are entering
28 into a Mello-Roos Advance Proposal and Reimbursement Agreement for the Clinton Keith Road

1 CFD (the “Barratt Agreement” and together with the Lennar Agreement, the BC Yates
2 Agreement, the Hill County Agreement, the KB Home Agreement and the Warm Springs
3 Agreement, the “Development Agreements”) in accordance with Section 53314.9 of the Act in
4 order to provide for the advancement of funds by Barratt to be used to pay costs incurred in
5 connection with the acquisition of necessary land, rights-of-way and easements and other costs in
6 connection with the construction of Clinton Keith Road, and to provide for the reimbursement to
7 Barratt of all funds advanced under the Barratt Agreement, without interest, from the proceeds of
8 any special tax bonds issued by the Community Facilities District;

9 **WHEREAS**, the County desires to include in this Resolution, in accordance with Section
10 53314.9 of the Government Code, the proposal to repay funds pursuant to the Development
11 Agreements;

12 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
13 **RIVERSIDE**, in regular session assembled on May 8, 2007, does hereby resolve, find, determine
14 and order as follows:

15 **Section 1.** The Board of Supervisors proposes to establish a community facilities district
16 under the terms of the Act. The boundaries of the territory proposed for inclusion in the
17 Community Facilities District are described in the map showing the proposed Community
18 Facilities District (the “Boundary Map”) on file with the Clerk to the Board of Supervisors (the
19 “Clerk”), which boundaries are hereby preliminarily approved and to which map reference is
20 hereby made for further particulars. The Clerk is hereby directed to sign the original Boundary
21 Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon
22 in the office of the Riverside County Recorder within 15 days of the date of adoption of this
23 Resolution, all as required by Section 3111 of the California Streets and Highways Code.

24 **Section 2.** The name proposed for the Community Facilities District is “Community
25 Facilities District No. 07-2 (Clinton Keith) of the County of Riverside.”

26 **Section 3.** The public facilities (the “Facilities”) proposed to be financed by the
27 Community Facilities District pursuant to the Act are described under the caption “Facilities” on
28 Exhibit A hereto, which is by this reference incorporated herein. The incidental expenses

1 proposed to be incurred are identified under the caption “Incidental Expenses” on Exhibit A
2 hereto. All or any portion of the Facilities may be financed through a financing plan, including,
3 but not limited to, a lease, lease-purchase or installment-purchase arrangement.

4 **Section 4.** Except where funds are otherwise available, a special tax sufficient to pay for
5 all Facilities, secured by recordation of a continuing lien against all nonexempt real property in
6 the Community Facilities District, will be annually levied within the Community Facilities
7 District. The rate and method of apportionment of the special tax (the “Rate and Method”), in
8 sufficient detail to allow each landowner within the proposed Community Facilities District to
9 estimate the maximum amount that he or she will have to pay, is described in Exhibit B attached
10 hereto, which is by this reference incorporated herein. The conditions under which the obligation
11 to pay the special tax may be prepaid and permanently satisfied are specified in the Rate and
12 Method. The special tax will be collected in the same manner as ordinary *ad valorem* property
13 taxes or in such other manner as the Board of Supervisors shall determine, including direct billing
14 of the affected property owners.

15 The tax year after which no further special tax will be levied against any parcel used for
16 private residential purposes is specified in the Rate and Method. Under no circumstances shall
17 the special tax levied against any parcel used for private residential purposes be increased as a
18 consequence of delinquency or default by the owner of any other parcel or parcels within the
19 Community Facilities District by more than 10%. For purposes of this paragraph, a parcel shall
20 be considered “used for private residential purposes” not later than the date on which an
21 occupancy permit for private residential use is issued.

22 **Section 5.** Pursuant to Section 53344.1 of the Government Code, the Board of
23 Supervisors hereby reserves to itself the right and authority to allow any interested owner of
24 property within the Community Facilities District, subject to the provisions of said Section
25 53344.1 and to those conditions as it may impose, and any applicable prepayment penalties as
26 prescribed in the bond indenture or comparable instrument or document, to tender to the
27 Community Facilities District treasurer in full payment or part payment of any installment of the
28 special taxes levied pursuant to the Rate and Method or the interest or penalties thereon which

1 may be due or delinquent, but for which a bill has been received, any bond or other obligation
2 secured thereby, the bond or other obligation to be taken at par and credit to be given for the
3 accrued interest shown thereby computed to the date of tender.

4 **Section 6.** The Board of Supervisors hereby fixes Tuesday, June 12, 2007, at 9:30 a.m.,
5 or as soon thereafter as the Board of Supervisors may reach the matter, at the Board of
6 Supervisors Chambers, 4080 Lemon Street, 1st Floor, Riverside, California, as the time and place
7 when and where the Board of Supervisors will conduct a public hearing on the establishment of
8 the Community Facilities District.

9 **Section 7.** The Clerk is hereby directed to publish, or cause to be published, a notice of
10 said public hearing, as prepared and approved by bond counsel, one time in *The Press-Enterprise*,
11 a newspaper of general circulation published in the area of the Community Facilities District.
12 The publication of said notice shall be completed at least seven days prior to the date herein fixed
13 for said hearing. Said notice shall contain the information prescribed by Section 53322 of the
14 Government Code.

15 The Clerk is hereby further directed to give notice of said public hearing, as prepared and
16 approved by bond counsel, by first-class mail to each registered voter and to each landowner
17 within the Community Facilities District. Said notice shall be mailed at least 15 days prior to the
18 date of said hearing and shall contain the same information as is required to be contained in the
19 notice published pursuant to Section 53322 of the Government Code.

20 **Section 8.** The levy of said proposed special tax shall be subject to the approval of the
21 qualified electors of the Community Facilities District at a special election. The proposed voting
22 procedure shall be by mailed or hand-delivered ballot among the landowners in the Community
23 Facilities District, with each owner having one vote for each acre or portion of an acre such
24 owner owns in the Community Facilities District.

25 **Section 9.** Each officer of the County who is or will be responsible for providing one or
26 more of the proposed types of Facilities is hereby directed to study, or cause to be studied, the
27 proposed Community Facilities District and, at or before said public hearing, file a report with the
28 Board of Supervisors containing a brief description of the public facilities by type which will in

1 his or her opinion be required to adequately meet the needs of the Community Facilities District,
2 and his or her estimate of the cost of providing the Facilities. Such officers are hereby also
3 directed to estimate the fair and reasonable cost of the incidental expenses proposed to be paid.
4 Such report shall be made a part of the record of said public hearing.

5 **Section 10.** In the opinion of the Board of Supervisors, the public interest will not be
6 served by allowing the property owners within the proposed Community Facilities District to
7 enter into a contract in accordance with subdivision (a) of Section 53329.5 of the Government
8 Code and, accordingly, the Board of Supervisors hereby provides that such property owners may
9 not enter into a contract in accordance with said subdivision.

10 **Section 11.** The Developers have heretofore advanced certain funds, and may advance
11 additional funds, to the County, which have been or may be used to pay costs incurred in
12 connection with the acquisition of necessary land, rights-of-way and easements and the
13 development of engineering plans and other costs in connection with the construction of Clinton
14 Keith Road. The Board of Supervisors proposes to repay all or a portion of such funds expended
15 for such purpose, from the proceeds of special tax bonds issued by the Community Facilities
16 District, pursuant to the Development Agreements.

17 **Section 12.** The officers of the County are, and each of them is, hereby authorized and
18 directed to do any and all things, and to execute and deliver any and all documents which said
19 officers may deem necessary or advisable in order to accomplish the purposes of this Resolution
20 and not inconsistent with the provisions hereof.

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ADOPTED, SIGNED AND APPROVED this 8th day of May, 2007, by the Board of Supervisors of the County of Riverside.

Chairman of the Board of Supervisors

ATTEST:
Nancy Romero
Clerk to the Board of Supervisors

By: _____
Deputy

1 **EXHIBIT A**

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3 **FACILITIES AND INCIDENTAL EXPENSES**

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5 **Facilities**

6 The types of facilities to be financed by the Community Facilities District are bridge
7 facilities, and appurtenances thereto, street improvements, including grading, paving, curbs and
8 gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping
9 related thereto, and storm drain facilities, environmental mitigation facilities needed in connection
10 therewith, and land, rights-of-way and easements necessary for any of such facilities.

11 **Incidental Expenses**

12 The incidental expenses proposed to be incurred include the following:

13 (a) the cost of planning and designing public facilities to be financed, including the
14 cost of environmental evaluations of those facilities;

15 (b) the costs associated with the creation of the Community Facilities District,
16 issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or
17 costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities
18 District; and

19 (c) any other expenses incidental to the construction, completion, and inspection of
20 the authorized work.

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EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX



[See Attached 29 Pages]

1 STATE OF CALIFORNIA)
2) ss.
3 COUNTY OF RIVERSIDE)

4 I, Nancy Romero, Clerk to the Board of Supervisors of the County of Riverside,
5 California, do hereby certify that the above and foregoing is a full, true and correct copy of
6 Resolution No. 2007-189 of the Board of Supervisors of said County, and that the same has not
7 been amended or repealed.

8 Dated: _____

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10 _____, Deputy
11 Clerk to the Board of Supervisors of the
12 County of Riverside
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RESOLUTION NO. 2007-190

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE AND SETTING A DATE AND TIME FOR A PUBLIC HEARING THEREON

WHEREAS, the Board of Supervisors (the “Board of Supervisors”) of the County of Riverside (the “County”) has this date adopted Resolution No. 2007-189 entitled “Resolution of the Board of Supervisors of the County of Riverside of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes and Setting a Date and Time for a Public Hearing Thereon,” stating its intention to establish Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982 for the purpose of financing certain public facilities (the “Facilities”), as further provided in said Resolution; and

WHEREAS, in order to finance the Facilities it is necessary to incur bonded indebtedness in the amount of up to \$60,000,000;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, in regular session assembled on May 8, 2007, does hereby resolve, find, determine and order as follows:

Section 1. The Board of Supervisors hereby declares that in order to finance the Facilities, it is necessary to incur bonded indebtedness.

Section 2. The purpose for which the proposed debt is to be incurred is to provide the funds necessary to pay the costs of the Facilities, including construction costs and all costs incidental to, or connected with, the accomplishment of said purpose and of the financing thereof, as permitted by Section 53345.3 of the California Government Code.

Section 3. The maximum amount of the proposed debt is \$60,000,000.

Section 4. The Board of Supervisors hereby fixes Tuesday, June 12, 2007, at 9:30 a.m., or as soon thereafter as the Board of Supervisors may reach the matter, at the Board of

1 Supervisors Chambers, 4080 Lemon Street, 1st Floor, Riverside, California, as the time and place
2 when and where the Board of Supervisors will conduct a public hearing on the proposed debt
3 issue.

4 **Section 5.** The Clerk to the Board of Supervisors is hereby directed to publish, or
5 cause to be published, a notice of said public hearing, as prepared and approved by bond counsel,
6 one time in *The Press-Enterprise*, a newspaper of general circulation published in the area of the
7 Community Facilities District. The publication of said notice shall be completed at least seven
8 days prior to the date herein fixed for said hearing. Said notice shall contain the information
9 prescribed by Section 53346 of the California Government Code.

10 **Section 6.** The officers of the County are, and each of them is, hereby authorized and
11 directed to do any and all things, and to execute and deliver any and all documents which said
12 officers may deem necessary or advisable in order to accomplish the purposes of this Resolution
13 and not inconsistent with the provisions hereof.

14 **ADOPTED, SIGNED AND APPROVED** this 8th day of May, 2007, by the Board of
15 Supervisors of the County of Riverside.

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Chairman of the Board of Supervisors

19 ATTEST:
20 Nancy Romero
21 Clerk to the Board of Supervisors

22 By: _____
23 Deputy

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

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I, Nancy Romero, Clerk to the Board of Supervisors of the County of Riverside, California, do hereby certify that the foregoing Resolution No. 2007-190 was duly adopted by the Board of Supervisors of said County at a meeting of said Board held on the 8th day of May, 2007, and that it was so adopted by the following vote:

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

_____, Deputy
Clerk to the Board of Supervisors of the
County of Riverside

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

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I, Nancy Romero, Clerk to the Board of Supervisors of the County of Riverside, California, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2007-190 of the Board of Supervisors of said County, and that the same has not been amended or repealed.

Dated: _____

_____, Deputy
Clerk to the Board of Supervisors of the
County of Riverside

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
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. 07-2 (Clinton Keith) of the County. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2007-2008, on a Parcel shall be determined by the Legislative Body, by applying the appropriate Special Tax for each category of Taxable Property. All real property within the CFD 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 determined 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 that 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, trustee/fiscal agent expenses and fees, rebate compliance calculation fees, 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.

“Approved Property” means, for each Fiscal Year, all parcel(s), lot(s) or units(s) of Taxable Property not classified as Public Property or Property Owners’ Association 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.

“Assessor’s Parcel Map” means, an official map of the Assessor of the County designating Parcels by Assessor Parcel Number.

“Assessor’s Parcel Number” means, the number assigned by the Assessor of the County for a Parcel on an Assessor’s Parcel Map.

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

“Assumed Administrative Expenses” means (a) for Fiscal Year 2007-2008, \$70,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Assumed Administrative Expenses on each July 1, from and including July 1, 2008 to and including the June 30 in such Fiscal Year, by 2.00% of the amount in effect for the previous Fiscal Year.

“Backup Special Tax” means the Special Tax determined in accordance with Section C, 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 by the County (or another public agency in the event the County no longer issues such permits) for new construction.

“CFD” means Community Facilities District No. 07-2 (Clinton Keith) of the County established pursuant to the Act and identified by the Boundary Map attached as Exhibit A.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year, all parcel(s), lot(s) or unit(s) of Taxable

Property, not classified as Public Property or Property Owners' Association Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year and (ii) for which a Building Permit has been issued prior to April 1st of the preceding Fiscal Year.

“Exempt Property” means, for each Fiscal Year, any Parcel which is exempt from the Special Taxes pursuant to Section E., below.

“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 parcel(s), lot(s) or unit(s) for which Building Permits may be issued without further subdivision, as determined by the Administrator.

“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, 2007.

“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 following land use categories: Single Family Property, Multifamily Property, Non-Residential Property, Undeveloped Property, Public Property and Property Owners’ Association Property.

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

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

“Multifamily Property” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of greater than eight (8) Residential Dwelling Units per gross acre, as recorded on a Final Map or as determined by the

Administrator.

"Multiple Land Use Property" means, for each Fiscal Year, all parcels of Developed Property and Approved Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property and Residential Property), as determined by the Administrator.

"Non-Residential Floor Area" means, with regard to Multiple Land Use Property only, all of the square footage within the outside perimeter of all structures on a Parcel used for non-residential purposes, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, 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 Property" means, for each Fiscal Year, all Parcels of Developed Property and Approved Property for which a Building Permit can or has been issued for any type of non-residential use, as determined by the Administrator.

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

"Parcel" means, for each Fiscal Year, an individual legal lot within the boundary of the CFD as shown on an Assessor's Parcel Map to which an Assessor's 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 or is identified on a Final Map as common area to be owned by a property owners' association. Property Owners' Association Property includes but is not limited to property dedicated and restricted for the use as streets, open space, park, habitat reserve, clubhouse or recreational facilities.

"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 Maximum Special Tax, 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 Maximum Special Tax per taxable Acre is the same for all Parcels of Undeveloped Property, and (iv) Public Property and/or Property Owners' Association Property, that is not Exempt 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 Public Property and/or Property Owners' Association Property, that is not Exempt 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, 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; 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. Public Property includes but is 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 or habitat reserve.

“RDU” means Residential Dwelling Unit.

“Residential Dwelling Unit” means, for each Fiscal Year, a building or portion thereof on a Parcel intended for use by one (1) family and containing but one (1) kitchen, which is designed primarily for residential occupancy including single family and multifamily dwellings. Residential Dwelling Unit shall not include hotels or motels.

“Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the outside perimeter of all structures on a Parcel used for residential purposes, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides. 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 Property” means, for each Fiscal Year, all Parcels of Developed Property and/or Approved Property for which a Building Permit can or has been issued for a

Residential Dwelling Unit, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of eight (8) Residential Dwelling Units to the gross acre or less, as recorded on a Final Map or as determined by the Administrator.

“Special Tax” means the special tax to be levied in any Fiscal Year on each Parcel of Taxable 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 costs of facilities authorized to be financed by the CFD, provided such amount does not cause an increase in the Special Tax levy on Approved Property or Undeveloped 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 Property” means, for each Fiscal Year, all Parcels in the CFD which are not Exempt Property.

“Total Floor Area” means for any Parcel of Multiple Land Use Property the sum of the Residential Floor Area and Non-Residential Floor Area.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property, Public Property, or Property Owners’ Association Property and which is not otherwise Exempt Property pursuant to Section E

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year in which the Special Tax is levied, all Parcels shall be categorized as either Developed Property, Approved Property, Undeveloped Property, Public Property, Property Owners’ Association Property or Exempt Property, and shall be subject to the levy of Special Taxes in accordance with this Rate and Method or Apportionment as determined pursuant to

Sections C., D., and E., below. Developed Property and Approved Property shall further be classified as Residential Property, Non-Residential Property or Multiple Land Use Property. Residential Property shall further be classified as Single Family Property or Multifamily Property.

C. SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Parcel of Developed Property that is Single Family or Multifamily Property shall be the greater of: (i) the applicable Assigned Special Tax determined pursuant to Section C.1.b, below, or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Developed Property that is Non-Residential Property shall be the Assigned Special Tax determined pursuant to Section C.1.b, below.

b. Assigned Special Tax

For Fiscal Year 2007-2008, the Assigned Special Tax for each Parcel of Developed Property, except Multiple Land Use Property, shall be as described in Table 1 below:

TABLE 1

Developed Property
Assigned Special Taxes
For Fiscal Year 2007-2008

Land Use Category	Taxable Parcel/Acre	Assigned Special Tax Per Parcel/Acre
1 – Single Family Property	RDU	\$ 1,149
2. – Multifamily Property	RDU	\$ 895
3 - Non – Residential Property	Acre	\$ 7,228

For each Fiscal Year following Fiscal Year 2007-2008, the Assigned Special Tax shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for the prior Fiscal Year.

c. Backup Special Tax

Upon determination that a Parcel of Taxable Property is Developed Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property shall be established as the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Developed Property.

Notwithstanding the foregoing, (i) if the number of RDUs of Single Family Property in a specific Final Map or the proposed number of RDUs identified in Table 2 below is subsequently changed or modified from the corresponding number listed in Table 2, then the Backup Special Tax shall be recalculated for each RDU of Single Family Property within the changed or modified area of said Final Map not classified as Approved Property such that the modified Backup Special Tax for each such RDU of Single Family Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map or the proposed number of RDUs identified in Table 2 below divided by the number of RDUs of Single Family Property within such changed or modified area after the change or modification in such Final Map; and (ii) if the number of RDUs of Multifamily Property in a specific Final Map or the proposed number of RDUs identified in Table 2 below is subsequently changed or modified from the corresponding number listed in Table 2, then the Backup Special Tax shall be recalculated for the RDUs of Multifamily Property within the changed or modified area of said Final Map not classified as Approved Property such that the modified Backup Special Tax for each RDU of Multifamily Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in the Final Map or the proposed number of RDUs identified in Table 2 below divided by the revised number of RDUs of Multifamily Property within such changed or modified area after the change or modification in the Final Map.

For a Parcel that is not changed or modified by changes or modifications to a Final

Map, the Backup Special Tax shall not be recalculated.

TABLE 2
Proposed Residential Dwelling
Units Per Tract

Final Map	Single Family RDU	Multifamily RDU
33170	140	0
32151	0	180
33307	41	0
30433	502	0
30694	81	0
30695	48	0
30695-1	59	0
30696-1	71	0
30696-F	38	0
30696-4	88	0
30696-2	69	0
30696-3	172	0
32289	197	0
32290-1	135	0
32290-2	166	0
32290-3	138	0
32290-4	267	0
32290-F	102	0
35328	38	0
28695	140	0
30430	117	0
32011	33	0
34324	0	122

For each Fiscal Year following Fiscal Year 2007-2008, the Backup Special Tax shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for the prior Fiscal Year.

d. 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 such a Parcel shall be the sum of the Assigned Special Tax levies for all Land Use Categories located on such Parcel. The Backup Special Tax levied on a Parcel shall be the sum of the Backup Special Tax levies that can be imposed on all Land Use Categories located on such Parcel. The Maximum Special Tax levied on a Parcel shall be the sum of the Maximum Special Tax levies that can be imposed on all Land Use Categories located on such Parcel.

For purposes of calculating the Backup Special Tax for each Land Use Category under such circumstances, the Acreage assigned to each 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.

2. Approved Property

a. Maximum Special Tax

The Maximum Special Tax for each Parcel of Approved Property that is Single Family or Multifamily Property shall be the greater of: (i) the applicable Assigned Special Tax set forth in Table 3, or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Approved Property that is Non-Residential Property shall be the Assigned Special Tax set forth in Table 3, below.

b. Assigned Special Tax

For Fiscal Year 2007-2008, the Assigned Special Tax for each Parcel of Approved Property, except Multiple Land Use Property, shall be described in Table 3 below:

TABLE 3

Approved Property

Assigned Special Taxes

For Fiscal Year 2007-2008

Land Use Category	Taxable Parcel/Acre	Assigned Special Tax Per Parcel/Acre
1 – Single Family Property	RDU	\$ 1,149
2 – Multifamily Property	RDU	\$ 895
3 - Non – Residential Property	Acre	\$ 7,228

For each Fiscal Year following Fiscal Year 2007-2008, the Assigned Special Tax shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for the prior Fiscal Year.

c. 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.

Notwithstanding the foregoing, (i) if the number of RDUs of Single Family Property in a specific Final Map or the proposed number of RDUs identified in Table 2 above is subsequently changed or modified from the corresponding number listed in Table 2, then the Backup Special Tax shall be recalculated for each RDU of Single Family Property within the changed or modified area of said Final Map not classified as Developed Property such that the modified Backup Special Tax for each such RDU of Single Family Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map or the proposed number of RDUs identified in Table 2 above divided by the number of RDUs of Single Family Property within such changed or modified area after the change or modification in such Final Map; and (ii) if the number of RDUs of Multifamily Property in a specific Final Map or the proposed number of RDUs identified in Table 2 above is subsequently changed or modified from the corresponding number listed in Table 2,

then the Backup Special Tax shall be recalculated for the RDUs of Multifamily Property within the changed or modified area of said Final Map not classified as Developed Property such that the modified Backup Special Tax for each RDU of Multifamily Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in the Final Map or the proposed number of RDUs identified in Table 2 above divided by the revised number of RDUs of Multifamily Property within such changed or modified area after the change or modification in the Final Map.

For a Parcel that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2007-2008, the Backup Special Tax shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for the prior Fiscal Year.

d. Multiple Land Use Property

In some instances a Parcel of Approved Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on such a Parcel shall be the sum of the Assigned Special Tax levies for all Land Use Categories located on such Parcel. The Backup Special Tax levied on a Parcel shall be the sum of the Backup Special Tax levies that can be imposed on all Land Use Categories located on such Parcel. The Maximum Special Tax levied on a Parcel shall be the sum of the Maximum Special Tax levies that can be imposed on all Land Use Categories located on such Parcel.

For purposes of calculating the Backup Special Tax for each Land Use Category under such circumstances, the Acreage assigned to each 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.

3. Undeveloped Property, Property Owners' Association Property and Public Property.

The Maximum Special Tax for each Parcel of Undeveloped Property, Property Owners' Association Property and Public Property is \$ 7,228 per Acre, times the Acreage of the Parcel.

For each Fiscal Year following Fiscal Year 2007-2008, the Maximum Special Tax for Undeveloped Property, Property Owners' Association Property and Public Property shall increase by an amount equal to 2.00% of the Maximum Special Tax in effect for the prior Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2007-2008 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 Bonds, the Special Tax shall be levied on each Parcel of Developed Property at 100% of the applicable Assigned Special Tax to be applied to the cost of the facilities authorized to be financed by the CFD; subsequent to the issuance of the 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 applicable 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 shall be levied on each Parcel of Approved Property and/or Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax, shall be increased Proportionately at up to 100% of the difference between the applicable Maximum Special Tax for each such Parcel less the

applicable Assigned Special Tax for 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 Property Owners' Association Property that is not Exempt Property at 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 Public Property that is not Exempt 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 Developed Property that is Residential Property be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the CFD by more than ten percent (10%).

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of the CFD and not otherwise shown as or not 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.

Notwithstanding the above, the Special Tax shall not be imposed upon any of the following:

- (1) The Legislative Body shall not levy Special Taxes on up to 233.98 Acres of Public Property which include, but not limited to, public streets, water and sewer facilities, and/or flood control drainage channels but excluding Public Property owned by a public school district.
- (2) The Legislative Body shall not levy Special Taxes on up to 10.36 Acres of Public Property that is owned by a public school district.
- (3) In addition to the exempt Acres of Public Property included in (1) and (2) above, the Legislative Body shall not levy Special Taxes on up to 152.25 Acres of Public Property and/or Property Owners' Association Property that is property dedicated and restricted for

the use as open space, park, public streets, recreation area or habitat reserve.

(4) In addition to the exempt Acres of Property Owners' Association Property referenced in (3) above, the Legislative Body shall not levy Special Taxes on up to 6.95 Acres of Property Owners' Association Property that is dedicated and restricted for use as private streets or golf course.

(5) The Legislative Body shall not levy Special Taxes on up to 16.50 Acres that has been or is required to be dedicated to a public agency, or non-profit entity pursuant to the Western Riverside County multi-species habitat conservation plan (MSHCP).

If the limit of Acres within one of the categories described in (1), (2) or (3), above, has not been reached, the Legislative Body may, at its discretion as and when it deems appropriate, reallocate and transfer all or a portion of the remaining Acres in said category to either of the other two categories.

After the limit of Acres within each of the above has been reached, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property acreage may be prepaid pursuant to the provision within Section H., below. Until the Special Tax obligation is prepaid as provided for in the preceding sentence, the Public Property and/or Property Owners' Association Property will be subject to the levy of the Special Tax as provided for in the fifth and sixth steps of Section D. above.

F. MANNER OF COLLECTION, PENALTIES, PROCEDURE & 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 the Special Tax 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 1 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

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; plus (b) the Assumed Administrative Expenses for such Fiscal Year.

The following definitions apply to this Section H:

“CFD Public Facilities” means \$37,306,565 expressed in 2007 dollars, based on proposed TUMF and RBBD fees by the Riverside County Transportation Land Management Agency and the Western Riverside Council of Governments or such lower number as i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of the CFD, or ii) shall be determined by the Legislative Body concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Rate and Method of Apportionment.

“Construction Fund” means a fund or an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator

that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through escrow accounts or funded by the Outstanding Bonds as defined in Section A, minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property, Approved Property, or Undeveloped Property for which a Building Permit has been issued, or Public Property and/or Property Owners' Association 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. 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.

The Prepayment Amount (defined below) shall equal the sum of the amount as identified below (capitalized terms as defined below):

Bond Redemption Amount
plus Redemption Premium

	plus	Future Facilities Amount
	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 Approved Property and/or Developed Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel. For Parcels of Undeveloped Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Parcel. For Parcels of Public Property and/or Property Owners' Association Property to be prepaid, compute the Maximum Special Tax 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 Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount derived pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Parcel (the "*Future Facilities Amount*").
8. 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.
9. Determine the Special Tax levied on the Parcel in the current Fiscal Year which have not yet been paid.
 10. Compute the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount, the Redemption Premium and the amount derived pursuant to paragraph 8, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
 11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the “*Defeasance Amount*”).
 12. 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*”).
 13. 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.
 14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit (the “*Prepayment Amount*”).
 15. 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 or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. 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 9 (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 Tax 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 Part

The Maximum Special Tax on a Parcel of Developed Property or Approved Property may be partially prepaid in increments of \$2,500. For purposes of determining the partial prepayment amount, the provision of Section H.1 or 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.1 or 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.

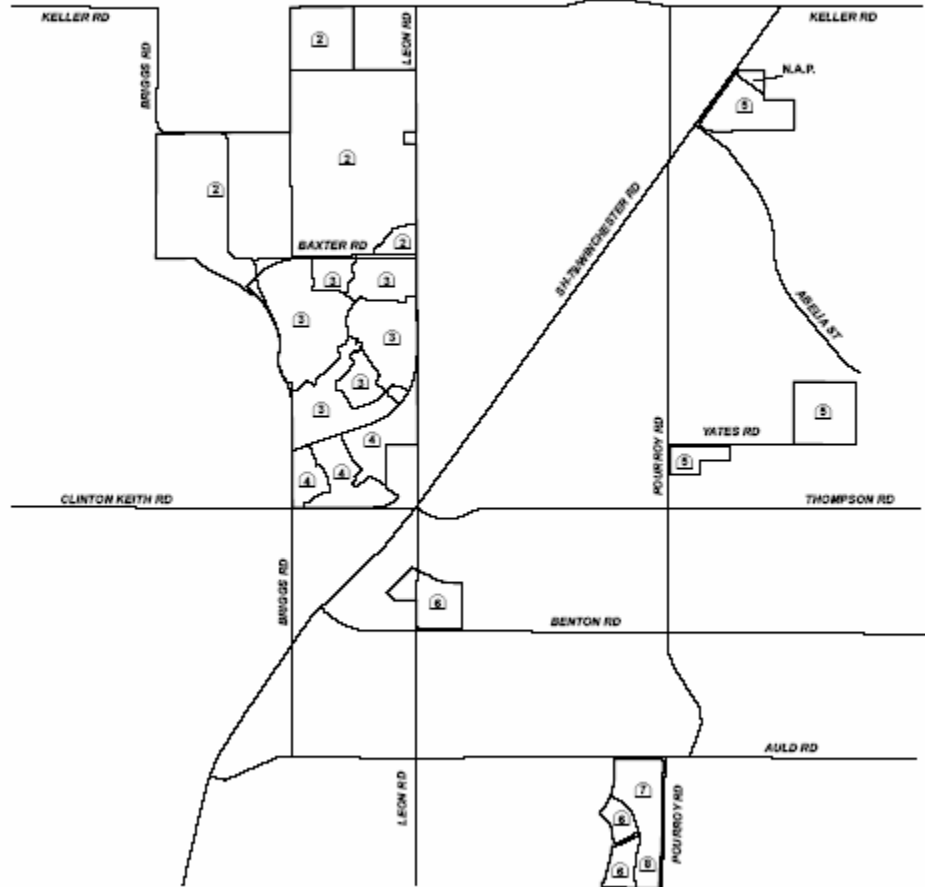
I. TERM OF THE SPECIAL TAX

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 2044-2045.

EXHIBIT A

SHEET 1 OF 8

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



RECORDED THIS _____ DAY OF _____, 2007 AT THE
HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ PAGE(S) _____ 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 W. WARD, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

BY: _____
DEPUTY

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED
BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH) OF THE COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA WAS APPROVED BY THE BOARD OF
SUPERVISORS OF THE COUNTY OF RIVERSIDE AT A REGULAR MEETING
THEREOF, HELD ON THE _____ DAY OF _____, 2007,
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 _____, 2007.

CLERK OF THE BOARD OF SUPERVISORS

SHEET INDEX MAP

- LEGEND**
- CFD BOUNDARIES
 - TRACT BOUNDARY
 - ⊗ SHEET NUMBER
 - N.A.P. NOT A PART



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 2006-2007.

NOT TO SCALE



W.O. 03-0452

**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

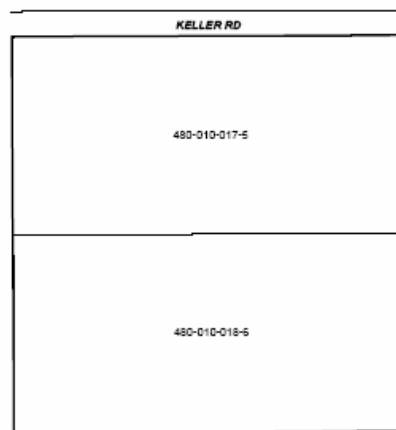


- LEGEND**
- TRACT BOUNDARY
 - PARCEL LINE
 - TR X X X X X TRACT MAP
 - XXX-XXX-XXX-X APN

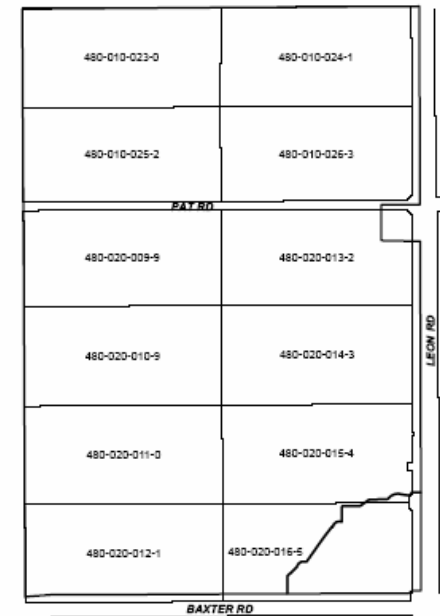
TR 30433



TR 32290



TR 32290-1,-2,-3,-4



TR 30696

**ALBERT A.
WEBB
ASSOCIATES**
ENGINEERS/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 2006-2007.

NOT TO SCALE

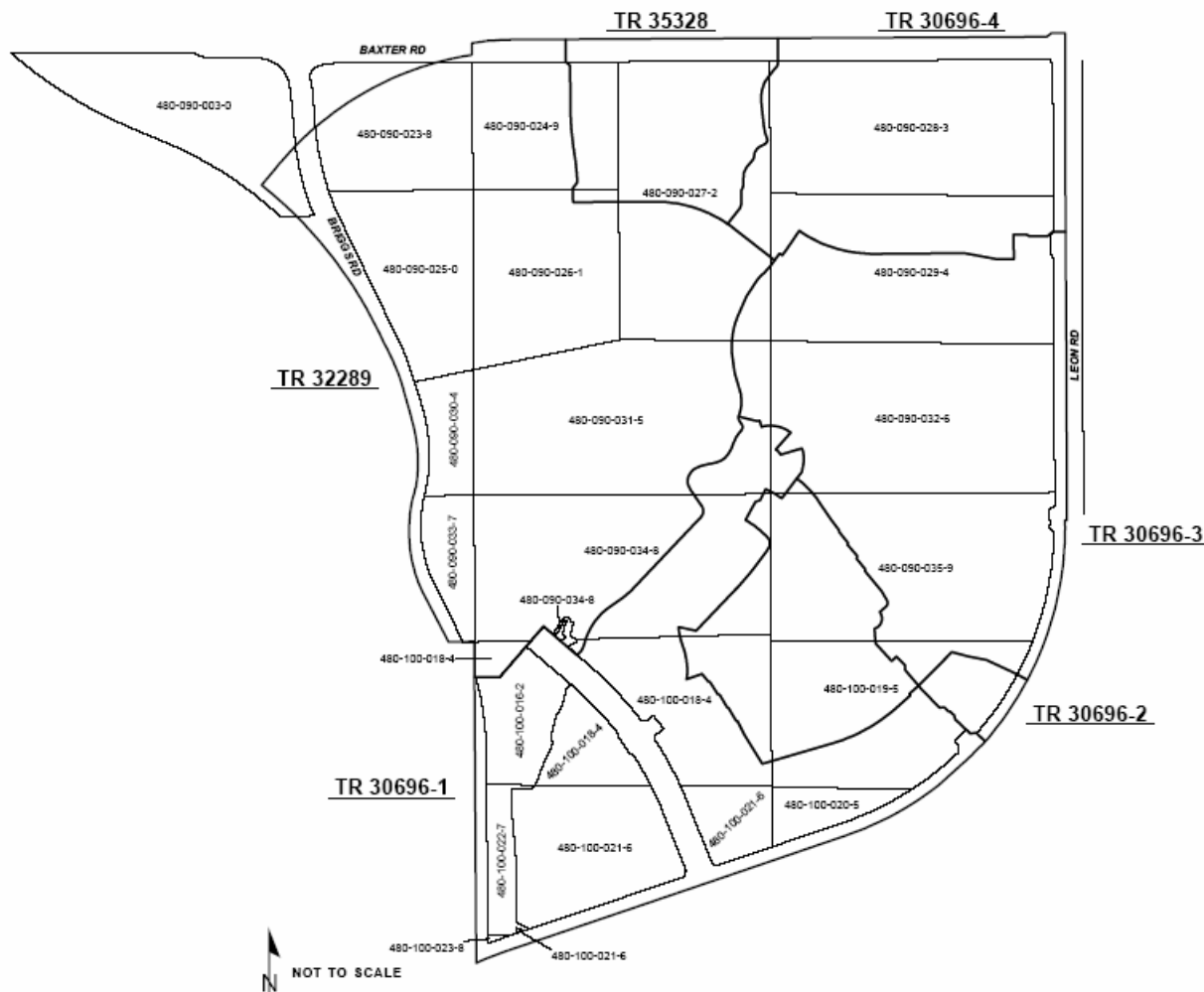
W.O. 03-0462

**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



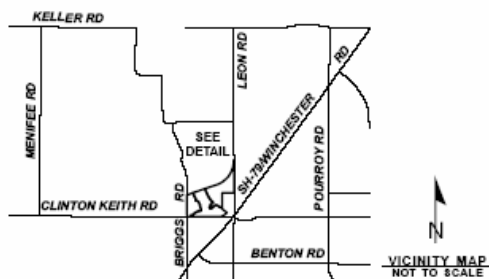
LEGEND

- TRACT BOUNDARY
- PARCEL LINE
- TR X X X X X TRACT MAP
- XXX-XXX-XXX-X APN

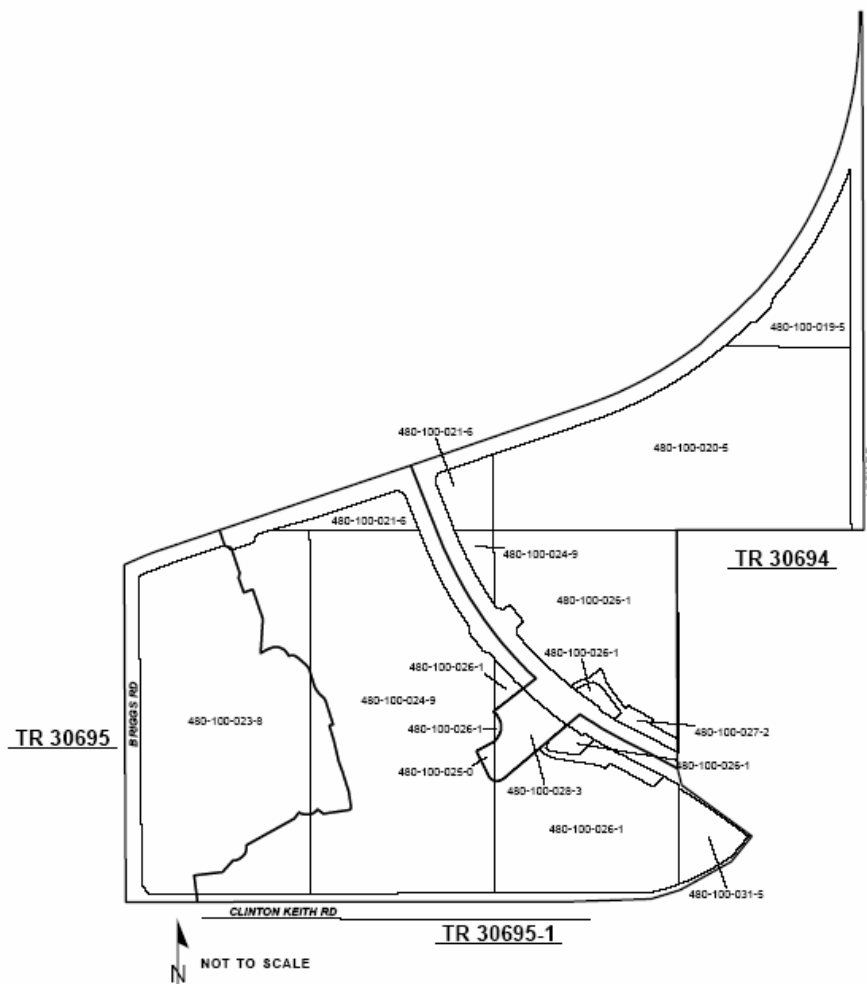


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**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



- LEGEND**
- TRACT BOUNDARY
 - PARCEL LINE
 - TR X X X X X TRACT MAP
 - XXXX-XXXX-XXXX-X APN



ALBERT A.
WEBB
ASSOCIATES
ENGINEERING CONSULTANTS

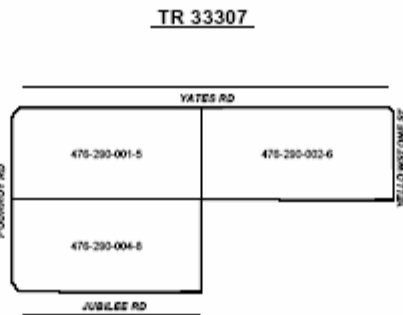
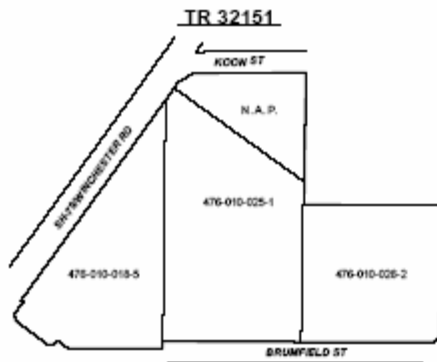
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**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



LEGEND

—	TRACT BOUNDARY
—	PARCEL LINE
TR X X X X X	TRACT MAP
XXX-XXX-XXX-X	APN
N.A.P.	NOT A PART



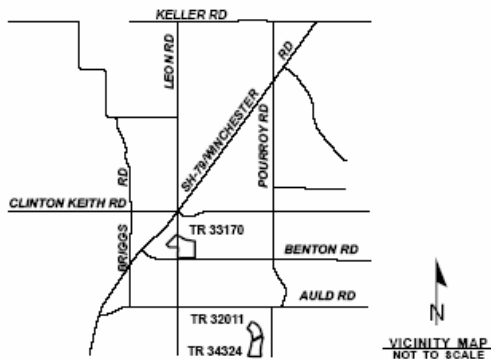
TR 30430



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 2006-2007.

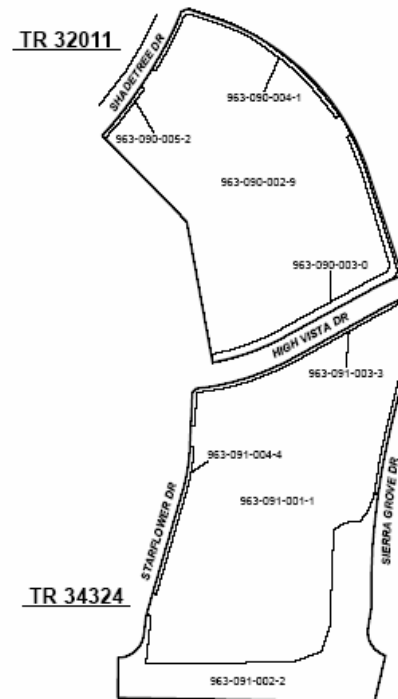
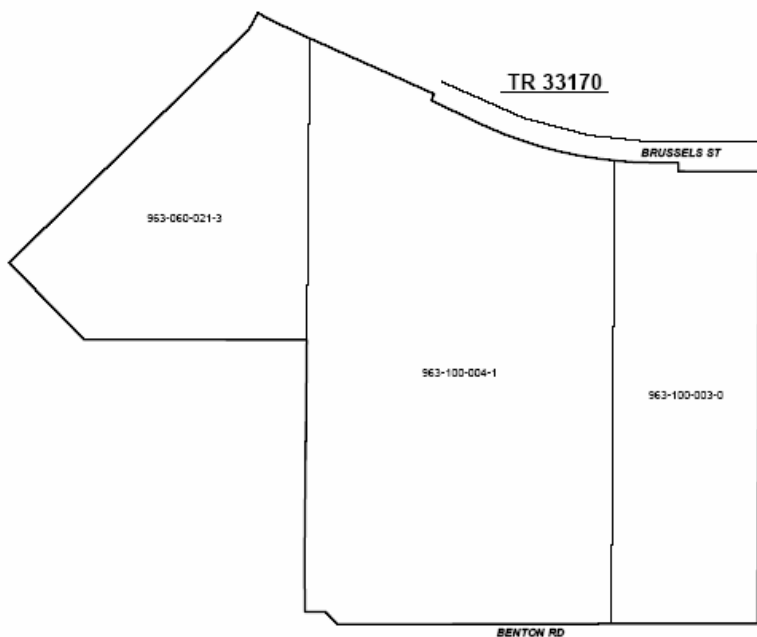


**PROPOSED BOUNDARIES OF
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OF THE COUNTY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



LEGEND

—	TRACT BOUNDARY
—	PARCEL LINE
TR X X X X X	TRACT MAP
XXXX-XXXX-XXXX-X	APN



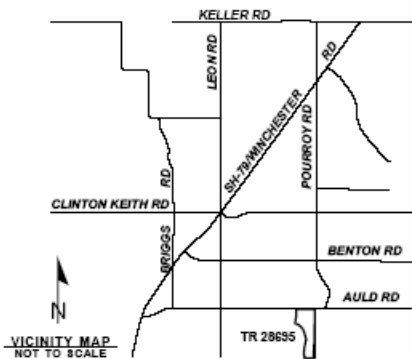
ALBERT A.
WEBB
ASSOCIATES
ENGINEERING CONSULTANTS

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NOT TO SCALE

W.O. 03-0452

**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
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COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



- LEGEND**
- TRACT BOUNDARY
 - PARCEL LINE
 - TR XXXXX TRACT MAP
 - XXXX-XXXX-XXXX APN



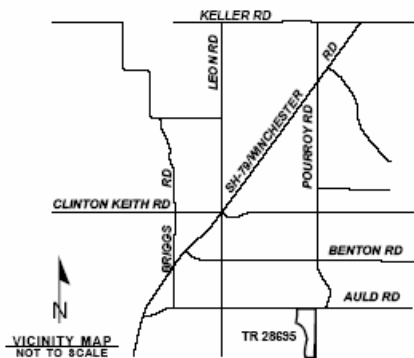
NOT TO SCALE

ALBERT A.
WEBB
ASSOCIATES
ENGINEERS ARCHITECTS

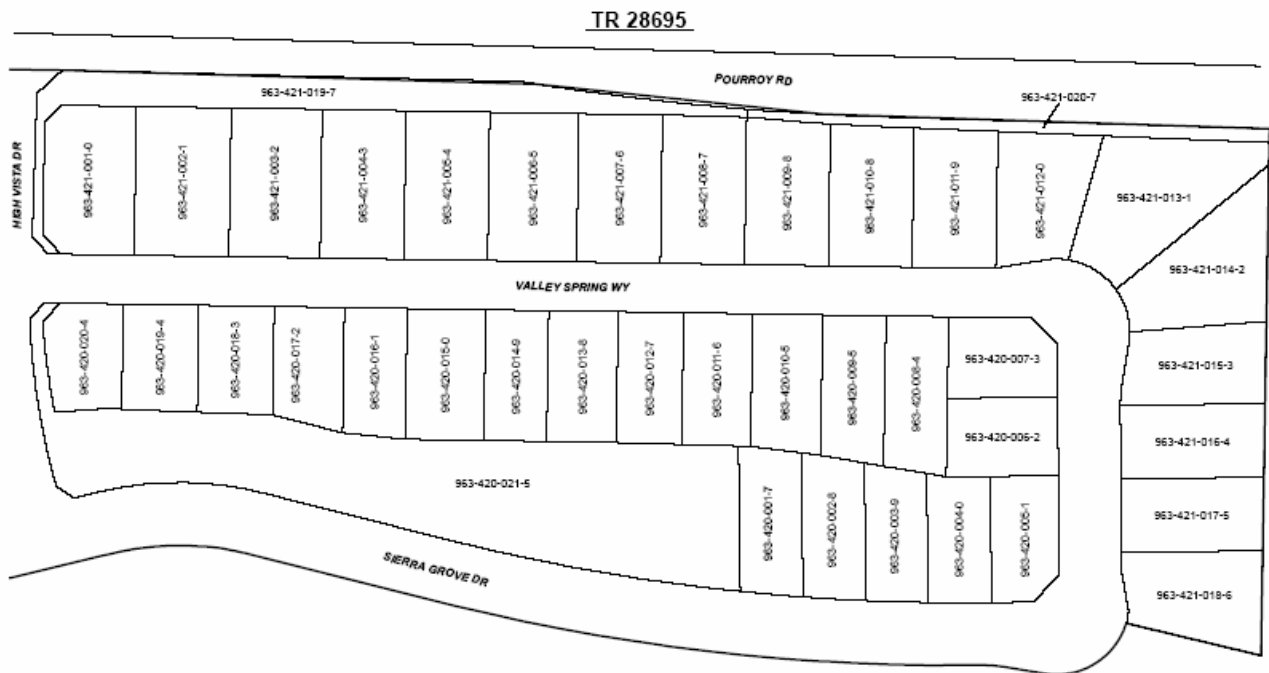
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**PROPOSED BOUNDARIES OF
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OF THE COUNTY OF RIVERSIDE
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- LEGEND**
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