

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

929



FROM: EXECUTIVE OFFICE

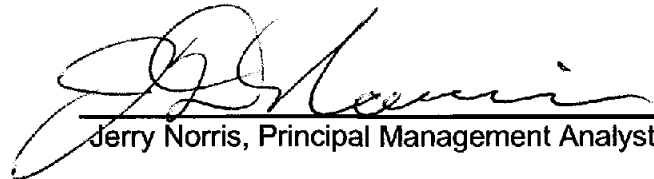
SUBMITTAL DATE:
November 20, 2007

SUBJECT: Initiation of Proceedings to Establish Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County of Riverside.

RECOMMENDED MOTION: That the Board approve and adopt: (1) Resolution No. 2007-490 Declaring its Intention (i) to establish Community Facilities District No. 07-1 (Newport/I-215 Interchange) 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. 2007-491 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 the Public Hearing for January 8, 2008 at 9:30 am.

BACKGROUND: Property owners in the vicinity of the interchange at Interstate 215 and Newport Road have requested that the County form a community facilities district to fund improvements to said interchange in order to satisfy a condition of development imposed by the Transportation Department. The proposed district, consisting of two improvement areas, will ultimately be comprised of sufficient non-contiguous acreage within the boundaries of the Menifee Valley Road and Bridge Benefit District to fund the improvements.

Continued on Page 2


Jerry Norris, Principal Management Analyst

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner
DATE: 11/28/07
Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2007/08

SOURCE OF FUNDS: 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 BY: 
Dean Deines

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

November 20, 2007

Resolution of Intent to Establish Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County of Riverside.

Page 2

It is the intent of the County that the proposed district will issue bonds to fund (i) the widening of the interchange at Interstate 215 and Newport 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, bringing into conformance said facility with the Menifee Valley Road and Bridge Benefit District and the TUMF program; and (ii) other TUMF identified facilities.

The interchange at Interstate 215 and Newport 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, in an amount not to exceed \$60 million, will be issued to finance the improvements. Bonds will not be issued until there are sufficient properties paying a special tax to support the bonded indebtedness to be incurred by the proposed district and furthermore, the issuance will be consistent with County policies regarding overlapping debt limitations for residential development.

There are approximately 872 acres within the boundaries of the proposed CFD with an estimated 3,285 dwelling units. Additional property may be allowed to annex into the CFD at the discretion of the County to ensure that a sufficient number of units develop within the District. It is the intent of the County that no bonds will be issued until sufficient funds can be generated by the entitled property to pay the annual debt service.

The assigned special tax for developed property will escalate annually by 2 percent once bonds are sold. The assigned annual special tax in fiscal year 2008-09 for a developed single family residential unit will range between approximately \$1,030 and \$1,453 depending on its tax zone. The assigned special tax in fiscal year 2008-09 for a developed multifamily residential unit will range between approximately \$723 and \$1,147 depending on its tax zone.

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 bonds. Special taxes collected prior to the issuance of bonds will be deposited into a trust account and may be used towards the construction of the Interchange or to reduce the amount of bonds to be issued.

The value to lien ratio will at a minimum 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 April 19, 2007 and approved submittal of the Resolutions to the Board.

2 **RESOLUTION NO. 2007-490**

3 **RESOLUTION OF INTENTION OF THE BOARD OF**
4 **SUPERVISORS OF THE COUNTY OF RIVERSIDE TO**
5 **ESTABLISH COMMUNITY FACILITIES DISTRICT NO.**
6 **07-1 (NEWPORT/I-215 INTERCHANGE) OF THE COUNTY**
7 **OF RIVERSIDE AND IMPROVEMENT AREAS THEREIN,**
8 **TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY**
9 **THE COSTS OF ACQUIRING OR CONSTRUCTING**
10 **CERTAIN FACILITIES AND EXPENSES OF THE**
11 **DISTRICT AND TO PAY DEBT SERVICE ON BONDED**
12 **INDEBTEDNESS**

13 **Community Facilities District No. 07-1 (Newport/I-215 Interchange)**

14 **WHEREAS,** the County of Riverside (the "County") received petitions signed by the
15 owners of more than ten percent of the land within the boundaries of the territory which is
16 proposed for inclusion in a proposed community facilities district, which petitions meets the
17 requirements of Sections 53318 and 53319 of the Government Code of the State of California;
18 and

19 **WHEREAS,** the Board of Supervisors of the County (the "Board of Supervisors")
20 desires to adopt this resolution of intention as provided in Section 53321 of the Government
21 Code of the State of California to establish a community facilities district consisting of the
22 territory described in Attachment "A" hereto and incorporated herein by this reference, which the
23 Board of Supervisors hereby determines shall be known as "Community Facilities District No.
24 07-1 (Newport/I-215 Interchange) of the County of Riverside" (the "Community Facilities
25 District No. 07-1" or the "District") pursuant to the Mello-Roos Community Facilities Act of
26 1982, as amended, commencing with Section 53311 of the Government Code (the "Act") to
27 finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of
28 public facilities described in Attachment "B" hereto and incorporated herein by this reference
(collectively, the "Facilities"), which Facilities have a useful life of five years or longer, and (2)
the incidental expenses to be incurred in connection with financing the Facilities and forming
and administering the District (the "Incidental Expenses"); and

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1 **WHEREAS**, the Board of Supervisors further intends to establish Improvement Area
2 Nos. 1 and 2 (each an “Improvement Area” and collectively the “Improvement Areas”) within
3 Community Facilities District No. 07-1, with Improvement Area No. 1 proposed to include the
4 property set forth in Attachment “A” and depicted in Exhibit A to Attachment “C” hereto and
5 Improvement Area No. 2 proposed to include the property set forth in Attachment “A” and
6 depicted in Exhibit A to Attachment “D” hereto; and

7 **WHEREAS**, the Board of Supervisors further intends to approve an estimate of the costs
8 of the Facilities and the Incidental Expenses for Community Facilities District No. 07-1; and

9 **WHEREAS**, it is proposed that additional properties included within the boundaries set
10 forth on the map (the “Annexation Map”) attached as Exhibit B to Attachment “D” hereto may
11 annex to Community Facilities District No. 07-1 upon the application of the landowner of said
12 property and its compliance with certain legal requirements that are conditions precedent to
13 causing the annexation of said property subsequent to formation of Community Facilities District
14 No. 07-1; and

15 **WHEREAS**, it is the intention of the Board of Supervisors to consider financing the
16 Facilities and the Incidental Expenses through the formation of Community Facilities District
17 No. 07-1 and the sale of bonded indebtedness in an amount not to exceed \$60,000,000 and the
18 levy of a special tax within each Improvement Area to pay for the Facilities and the Incidental
19 Expenses and to pay debt service on the bonded indebtedness, provided that the bond sale and
20 special tax levy are approved at an election to be held within the boundaries of each
21 Improvement Area of Community Facilities District No. 07-1; and

22 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
23 **RIVERSIDE**, in regular session assembled on November 27, 2007, does hereby resolve, find,
24 determine and order as follows:

25 **Section 1.** The above recitals are true and correct.

26 **Section 2.** A community facilities district is proposed to be established under the terms
27 of the Act and is proposed to include the parcels of real property described in Attachment “A”
28 hereto, which boundaries shall, upon recordation of the boundary map for the District, include

1 the entirety of any parcel subject to taxation by the District. The proposed boundaries of
2 Community Facilities District No. 07-1 and each Improvement Area are depicted on the map
3 which is on file with the Clerk to the Board and is attached as Exhibit A to Attachment "C" and
4 Exhibit A to Attachment "D" hereto (the "Boundary Map"). Additional properties that are
5 within the boundaries of the Annexation Map attached as Exhibit B to Attachment "D" hereto
6 may annex into Community Facilities District No. 07-1 subsequent to formation of Community
7 Facilities District No. 07-1. The owner of the property to be annexed shall submit a written
8 consent for said annexation to Community Facilities District No. 07-1 and the Board of
9 Supervisors, acting ex-officio as the Legislative Body of Community Facilities District No. 07-1,
10 shall designate the Improvement Area to which such property is to be annexed and shall call a
11 special election as to the imposition of the special tax on said property as required by law. The
12 Clerk to the Board is hereby directed to sign the originals of the Boundary Map and the
13 Annexation Map and record them with all proper endorsements thereon with the County
14 Recorder of the County of Riverside within 15 days after the adoption of this resolution, all as
15 required by Section 3111 of the Streets and Highways Code of the State of California.

16 **Section 3.** The name of the proposed community facilities district shall be
17 "Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County of
18 Riverside."

19 **Section 4.** The Facilities proposed to be provided within Community Facilities
20 District No. 07-1 are public facilities as defined in the Act, which the County, and Caltrans with
21 respect to certain of the road improvements, are authorized by law to construct, acquire, own,
22 operate, maintain or contribute revenue to. The Board of Supervisors hereby finds and
23 determines that the description of the Facilities herein is sufficiently informative to allow
24 taxpayers within the proposed District to understand what the funds of the District may be used
25 to finance. The *Incidental Expenses* expected to be incurred include the cost of planning and
26 designing the Facilities, the costs of forming the District, issuing bonds and levying and
27 collecting a special tax within the proposed District. The Facilities may be acquired from one or
28 more of the property owners within the District as completed public improvements or may be

1 constructed from bond or special tax proceeds. The County intends to execute a joint community
2 facilities agreement with Caltrans with respect to the portion of the Facilities to be owned by
3 Caltrans. All or a portion of the Facilities may be purchased with District funds as completed
4 public facilities pursuant to Sections 53314.9 and 53313.5 of the Act and/or constructed with
5 District funds pursuant to Section 53316.2 of the Act. Any portion of the Facilities may be
6 financed through a lease or lease-purchase arrangement if the District hereafter determines that
7 such arrangement is of benefit to the District.

8 **Section 5.** Except where funds are otherwise available, it is the intention of the Board
9 of Supervisors to levy annually in accordance with the procedures contained in the Act a special
10 tax within each Improvement Area, secured by recordation of a continuing lien against all
11 nonexempt real property in that Improvement Area, sufficient to pay for: (i) the Facilities and
12 Incidental Expenses; and (ii) the principal and interest and other periodic costs on bonds or other
13 indebtedness issued by the District to finance the Facilities and Incidental Expenses, including
14 the establishment and replenishment of any reserve funds deemed necessary by the District, and
15 any remarketing, credit enhancement and liquidity facility fees (including such fees for
16 instruments which serve as the basis of a reserve fund in lieu of cash). The rate and method of
17 apportionment and manner of collection of the special tax for the property proposed to be
18 included in Improvement Area No. 1 are described in detail in Attachment "C" attached hereto,
19 which Attachment "C" is incorporated herein by this reference, and for the property proposed to
20 be included in Improvement Area No. 2 are described in detail in Attachment "D" attached
21 hereto, which Attachment "D" is incorporated herein by this reference. Attachment "C" and
22 Attachment "D" allow each landowner within the District and each proposed Improvement Area
23 therein to estimate the maximum amount that may be levied against each parcel.

24 If special taxes of the District are levied against any parcel used for private residential
25 purposes, (i) the maximum special tax rate shall not be increased over time except that it may be
26 increased by an amount that may not exceed two percent (2%) per year, (ii) in no event shall
27 special taxes be levied after Fiscal Year 2049-2050 or the payment of all debt service due on the
28 final series of bonds of the District, whichever is sooner, and (iii) under no circumstances shall

1 the special taxes levied in any fiscal year against any parcel used for private residential purposes
2 be increased as a consequence of delinquency or default by the owner or owners of any other
3 parcel or parcels within Community Facilities District No. 07-1 by more than ten percent (10%)
4 above the amount that would have been levied in that fiscal year had there never been any such
5 delinquencies or defaults.

6 The special tax is based on the expected demand that each parcel of real property within
7 proposed Community Facilities District No. 07-1 will place on the Facilities and on the benefit
8 that each parcel derives from the right to access the Facilities. The Board of Supervisors hereby
9 determines that the proposed Facilities are necessary to meet the *increased demand* placed upon
10 the County and the existing infrastructure in the County as a result of the development of the
11 land proposed for inclusion in the District. The Board of Supervisors hereby determines the rate
12 and method of apportionment of the special tax for proposed Improvement Area No. 1 set forth
13 in Attachment "C" to be reasonable and the rate and method of apportionment of the special tax
14 for proposed Improvement Area No. 2 set forth in Attachment "D" to be reasonable. The special
15 tax in each proposed Improvement Area is apportioned to each parcel on the foregoing basis
16 pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the value or
17 ownership of real property. In the event that a portion of the property within Community
18 Facilities District No. 07-1 shall become for any reason exempt, wholly or partially, from the
19 levy of the special tax specified in Attachment "C" or Attachment "D," the Board of Supervisors
20 shall, on behalf of Community Facilities District No. 07-1, cause the levy to be increased, subject
21 to the limitation of the maximum special tax for a parcel as set forth in Attachment "C" or
22 Attachment "D," as applicable, to the extent necessary upon the remaining property within
23 proposed Community Facilities District No. 07-1 which is not exempt in order to yield the
24 special tax revenues required for the purposes described in this Section 5. The obligation to pay
25 special taxes may be prepaid only as set forth in Section H of Attachment "C" and Section H of
26 Attachment "D" hereto.

27 **Section 6.** A public hearing (the "Hearing") on the establishment of the proposed
28 Community Facilities District No. 07-1 and each proposed Improvement Area, the designation of

1 territory for annexation to the District, the proposed rate and method of apportionment of the
2 special tax for each proposed Improvement Area and the proposed issuance of bonds by the
3 District to finance the Facilities and the Incidental Expenses shall be held at 9:30 a.m., or as soon
4 thereafter as practicable, on January 8, 2008, at the Board of Supervisors Chambers, 4080 Lemon
5 Street, 1st Floor, Riverside, CA 92501-3651. Should the Board of Supervisors determine to form
6 the District and establish the Improvement Areas, a special election will be held within each
7 Improvement Area to authorize the issuance of the bonds and the levy of the special tax in
8 accordance with the procedures contained in Government Code Section 53326. If held, the
9 proposed voting procedure at each election will be a landowner vote, with each landowner who
10 is the owner of record of land within an Improvement Area at the close of the Hearing, or the
11 authorized representative thereof, having one vote for each acre or portion thereof owned within
12 the Improvement Area. If at least 12 persons, who need not necessarily be the same 12 persons,
13 have been registered to vote within an Improvement Area for each of the 90 days preceding the
14 close of the Hearing, then the vote shall be by registered voters of such Improvement Area, with
15 each voter having one vote. Ballots for the special election may be distributed by mail or by
16 personal service.

17 **Section 7.** At the time and place set forth above for the Hearing, any interested
18 person, including all persons owning lands or registered to vote within proposed Community
19 Facilities District No. 07-1 or the territory proposed for annexation to the District, may appear
20 and be heard.

21 **Section 8.** The County Executive Officer or his designee is hereby directed to study
22 the proposed District and, at or before the time of the above-mentioned Hearing, cause a report to
23 be filed with the Board of Supervisors containing a brief description of the public facilities by
24 type which will in his or her opinion be required to meet adequately the needs of Community
25 Facilities District No. 07-1 and an estimate of the cost of providing those public facilities,
26 including the cost of environmental evaluations of such facilities and an estimate of the fair and
27 reasonable cost of any Incidental Expenses to be incurred.

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1 **Section 9.** The District may accept advances of funds or work-in-kind from any
2 source, including, but not limited to, private persons or private entities, for any authorized
3 purpose, including, but not limited to, paying any cost incurred in creating Community Facilities
4 District No. 07-1. The District may enter into an agreement with the person or entity advancing
5 the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the
6 person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by
7 the Board of Supervisors, with or without interest.

8 **Section 10.** The Clerk to the Board is hereby directed to publish a notice (the
9 “Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of
10 general circulation published in the area of proposed Community Facilities District No. 07-1 and
11 the territory proposed to be annexed. The Clerk to the Board is further directed to mail a copy of
12 the Notice to each of the landowners within the proposed boundaries of the District at least 15
13 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the
14 time and place of the Hearing, a statement that the testimony of all interested persons or
15 taxpayers will be heard, a description of the protest rights of the registered voters and landowners
16 in the proposed district and the territory proposed to be annexed and a description of the
17 proposed voting procedure for the elections to be held in each Improvement Area as required by
18 the Act. Such publication shall be completed at least seven (7) days prior to the date of the
19 Hearing.

20 **Section 11.** The reasonably expected maximum principal amount of the bonded
21 indebtedness to be incurred by the District is Sixty Million Dollars (\$60,000,000).

22 **Section 12.** Except to the extent limited in any bond resolution or trust indenture
23 related to the issuance of bonds, the Board of Supervisors hereby reserves to itself all rights and
24 powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

25 **Section 13.** This Resolution shall be effective upon its adoption.

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1 **ADOPTED, SIGNED AND APPROVED** this 27th day of November, 2007, by the Board of
2 Supervisors of the County of Riverside.

3 _____
Chairman of the Board of Supervisors

4 ATTEST:
5 Nancy Romero
6 Clerk to the Board of Supervisors

7 By: _____
8 Deputy

10 FORM APPROVED COUNTY COUNSEL
11 BY: *Dale A. Gardner* 11/19/07
12 DALE A. GARDNER DATE

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1 STATE OF CALIFORNIA)
) ss.
2 COUNTY OF RIVERSIDE)
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4 I, Nancy Romero, Clerk to the Board of Supervisors of Riverside County, California,
hereby certify that the above and foregoing Resolution was duly and regularly adopted by said
5 Board at a regular meeting thereof held on the 27th day of November, 2007 and passed by the
following vote of said Board.
6

7 Ayes:
8 Noes:
9 Abstain:
10 Absent:

11 IN WITNESS WHEREOF, I have hereunto set my hand and seal this ____ day of
12 _____, 2007.

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14 _____
Clerk to the Board of Supervisors of Riverside
County, California
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ATTACHMENT "A"

LEGAL DESCRIPTION OF PROPOSED DISTRICT BOUNDARIES

The territory within the proposed District consists of the following assessor's parcels, as shown on the Riverside County Assessor's Roll for Fiscal Year 2007-08. The assessor's parcels are listed by the proposed Improvement Area in which they are proposed to be included:

<u>Improvement Area No. 1</u>		<u>Improvement Area No. 2</u>	
	360-080-001-0		333-200-019-9
	360-080-002-1		333-200-043-0
	360-080-003-2		333-200-050-6
	360-080-004-3		333-200-051-7
	360-080-005-4		333-220-026-7
	360-080-006-5		333-220-027-8
	360-080-007-6		333-220-030-0
	360-080-008-7		339-020-038-2
	360-080-009-0		339-153-031-6
	360-110-001-2		341-040-049-1
	360-110-002-3		341-060-007-5
	360-130-001-4		341-060-009-7
	360-130-002-5		341-160-008-5
			341-160-010-6
			360-020-036-6
			360-020-037-7
			360-020-038-8
			360-020-039-9
			360-020-054-2
			360-020-055-3
			360-020-056-4
			360-030-012-5
			360-040-007-2
			360-040-031-3
			360-040-032-4
			360-040-033-5
			360-040-034-6
			360-040-035-7
			360-040-036-8
			466-350-001-7
			466-350-002-8
			466-350-003-9
			466-350-004-0
			466-350-012-7

ATTACHMENT "B"

FACILITIES LIST

Facilities:

The Facilities proposed to be financed are the improvements identified in the Menifee Valley Road and Bridge Benefit District, specifically the widening of the interchange at Interstate 215 and Newport 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, bringing into conformance said facility with the Menifee Valley Road and Bridge Benefit District, 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 financed, 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 Community Facilities District No. 07-1, 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 Community Facilities District No. 07-1.

ATTACHMENT "C"

**RATES AND METHOD OF APPORTIONMENT
FOR IMPROVEMENT AREA NO. 1**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
IMPROVEMENT AREA NO. 1 OF
COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
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 in Improvement Area No. 1 "IA No. 1" within the boundaries of Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County of Riverside. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2008-2009, 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 IA No. 1, 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 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 IA No. 1 as determined by the Administrator to be chargeable or allocable to the IA No. 1 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; all trustee/fiscal agent expenses and fees; the cost of rebate compliance calculation, initiating or defending any litigation involving the IA No. 1, continuing disclosure undertakings of the IA No. 1 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 IA No. 1 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 Taxable Public Property, Taxable Property Owners' Association

Property or Taxable Non-Residential 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 for each Fiscal Year, the official map(s) of the Assessor of the County designating each Parcel by an Assessor’s 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 2008-2009, \$35,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Assumed Administrative Expenses on each July 1, from and including the first July 1 after Bonds have been issued 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 Sections C. 1. b. and C. 2. b., below.

“Bonds” means any bonds or other debt (as defined in the Act), whether issued in one or more series, secured only by the levy of Special Taxes on Assessor’s Parcels in IA No. 1.

“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. 07-1 (Newport / I-215 Interchange) of the County of Riverside established pursuant to the Act and identified by the CFD Boundary Map attached as Exhibit A.

“CFD Boundary Map” means the map recorded at CFD formation, and attached hereto as Exhibit A.

“Cost of the Facilities” means the calculation of the cost of the Facilities to be constructed together with amounts needed to pay for 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, all Parcel(s), lot(s) or unit(s) of Taxable Property not classified as Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential 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 said Fiscal Year.

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

“Facilities” means the improvements identified in the Meniffee Valley Road and Bridge Benefit District, specifically the widening of the interchange at Interstate 215 and Newport 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, bringing into conformance said facility with the provisions of the Meniffee Valley Road and Bridge Benefit District, as amended from time to time.

“Final Map” means a recorded final map, parcel map, approved plot plan 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, 2008.

“Improvement Area No. 1” or **“IA No. 1”** means Improvement Area No. 1 of Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County, the boundaries of which are identified on the boundary map for the CFD, attached hereto as Exhibit A.

“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 2, below.

“Legislative Body” means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of IA No. 1.

“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.

“Meniffee Valley Road and Bridge Benefit District” means the Road and Bridge Benefit District established by the Board of Supervisors of the County of Riverside for the purpose of defraying the cost of road and bridge improvements to the established area of benefit.

“Multifamily Property” means, for each Fiscal Year, any Parcel, lot or unit of Residential Property, other than Single Family Property identified within the boundaries of IA No. 1 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, any Developed Property and Approved Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property uses and Residential Property uses), 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 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 of Developed Property and Approved Property for which a Building Permit can or has been 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, an individual legal lot within the boundary of IA No. 1 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 such 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 such 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 such 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 such 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 such 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 such Parcels of Taxable Public Property.

“Public Property” means, for each Fiscal Year, any Parcel within the boundary of IA No. 1 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.

“Residential Dwelling Unit” or “RDU” 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 which shall be classified as Non-Residential Property.

“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 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 RDUs can or has been issued, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, any Parcel, lot or unit of Residential Property, other than Multifamily Property identified within the boundaries of IA No. 1 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, (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 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 Outstanding 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.

“Taxable Property” means, for each Fiscal Year, all Parcels in IA No. 1 which are not Exempt Property pursuant to Section E.

“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.

“Taxable Public Property” means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to Section E.

“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.

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

1. Developed Property

a. Assigned Special Tax

Upon determination that a Parcel of Taxable Property is Developed 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 amount per RDU stated in Land Use Category 1 of Table 2 per Parcel, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the amount per RDU stated in Land Use Category 3 of Table 2 times the number of RDU(s) of the Parcel as shown on the Final Map.

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.

Notwithstanding the foregoing, (i) if the number of RDU(s) of Single Family Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for each RDU(s) 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(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the number of RDU(s) 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 RDU(s) of Multifamily Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for the RDU(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the revised number of RDU(s) of Multifamily Property within such changed or modified area after the change or modification in the Final Map. For purposes of determining the modified Backup Special Tax, calculate as provided by the following formula:

$$ABST = RDU_1 \times AST$$

$$MBST = ABST \div RDU_2$$

These terms have the following meaning:

ABST = the original aggregate Backup Special Tax

RDU₁ = the original RDU(s) for a specific Final Map listed in Table 1

AST = the Assigned Special Tax listed in Table 2

RDU₂ = the modified RDU(s) for a specific Final Map from that listed in Table 1

MBST = the modified Backup Special Tax per RDU

For a Parcel that is not changed or modified from the proposed RDU(s) listed in Table 1 below in a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

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 amount per RDU stated in Land Use Category 2 of Table 2, per Parcel, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the amount per RDU stated in Land Use Category 4 of Table 2, times the number of RDU(s) of the Parcel as shown on the Final Map.

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.

Notwithstanding the foregoing, (i) if the number of RDU(s) of Single Family Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for the RDU(s) 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(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the number of RDU(s) 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 RDU(s) of Multifamily Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for each RDU(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the revised number of RDU(s) of Multifamily Property within such changed or modified area after the change or modification in the Final Map. For purposes of determining the modified Backup Special Tax, calculate as provided by the following formula:

$$ABST = RDU_1 \times AST$$

$$MBST = ABST \div RDU_2$$

These terms have the following meaning:

ABST = the original Aggregate Backup Special Tax

RDU₁ = the original RDU(s) for a specific Final Map listed in Table 1

AST = the Assigned Special Tax listed in Table 2

RDU₂ = the modified RDU(s) for a specific Final Map from that listed in Table 1

MBST = the modified Backup Special Tax per RDU

For a Parcel that is not changed or modified from the proposed RDU(s) list in Table 1 below to a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

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

Maximum Special Tax

The Maximum Special Tax for each Parcel of Undeveloped Property is the amount per Acre stated in Land Use Category 5 of Table 2 times the Acreage of the Parcel.

The Maximum Special tax for each parcel of Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is the amount per Acre stated in Land Use Category 5 and 6 of Table 2, times the Acreage of the Parcel.

TABLE 1

Proposed RDU(s) per Final Map

Final Map	Single Family RDU(s)	Multifamily RDU(s)
PM 9504	987	569
Total	987	569□

4. Multiple Land Use Property

In some instances a Parcel of Developed Property or Approved Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on the Residential Property portion of such a Parcel shall be the sum of the Assigned Special Tax levies for the applicable Residential Property Land Use Category on that Parcel. The Maximum Special Tax levied on the Residential Property portion of a Parcel shall be the Maximum Special Tax levy that can be imposed on the applicable Residential Property 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 or Approved Property under such circumstances, the Acreage assigned to the Residential Land Use Category shall be based on the proportion of Residential Floor Area and Non-Residential Floor Area that is built for each Land Use Category as compared with the sum of Residential Floor Area and Non-Residential Floor Area that is built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

TABLE 2

Assigned Special Taxes

Land Use Category	Taxable RDU/Acre	Assigned Special Tax
1 – Developed Single Family Property	RDU	\$1,453
2 – Approved Single Family Property	RDU	\$1,453
3 – Developed Multifamily Property	RDU	\$1,147
4 – Approved Multifamily Property	RDU	\$1,147
5 – Undeveloped Property	Acre	\$11,524
6 – Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property	Acre	\$11,524

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2008-2009 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 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 Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of IA No. 1 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 on up to the number of Acres listed in the Table 3 for properties of Public Property and Property Owner’s Association Property within IA No. 1. The District shall classify Parcels of Public Property, Property Owners’ Association Property or Non-Residential Property within IA No. 1 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 as Exempt Property, provided that no such classification would cause the sum of all Exempt Acres within IA No. 1 to be more than the Acres to be Exempt as set forth in Table 3.

TABLE 3

Exempt Acres

Improvement Area	Acres to be Exempt
IA No. 1	35.50

After the limit of Exempt Acres listed in Table 3 within IA No. 1 has been reached, the Special Tax obligation for any additional Public Property and/or Property Owners’ Association Property and/or Non-residential Property may be prepaid at the Maximum Special Tax obligation calculated 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.

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 IA No. 1 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 twelve (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, Approved Property, Undeveloped Property for which a Building Permit has been issued, 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 Assumed 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 fifteen (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 IA No. 1 in calculating the Prepayment Amount (as defined below) for the Parcel. Within fifteen (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 sixty (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 Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities.

The prepayment before Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities, as determined by the Administrator, 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 the estimated Assumed Administrative Expenses. The IA No. 1 shall not be obligated to redeem Bonds, but may apply the Prepayment Amount and Bond Redemption Amount towards the Cost of the Facilities, subject to the terms of the Indenture.

With respect to any Parcel for which the Special Tax obligation is prepaid in full, 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 Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities.

The Prepayment Amount (defined below) after the full Cost of the Facilities, as determined by the Administrator, 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 or Approved 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 Permits which has been issued 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 IA No. 1.
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, the Redemption Premium, and the amount derived pursuant to paragraph 6 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 Cost of the Facilities. The Administrative Fees and Assumed Administrative Expenses shall be retained by the IA No. 1.

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 in full, 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

The Maximum Special Tax on a Parcel of Developed Property or Approved Property may be partially prepaid in increments of \$5,000. For purposes of determining the partial prepayment amount, the provisions of Sections 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 the first paragraph of H.1. or Paragraph 13 of Section H.2., as applicable, and (ii) indicate in the records of the IA No. 1 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 payment of all debt service due on the final series of Bonds, whichever is sooner.

EXHIBIT A

BOUNDARY MAP

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)**

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

RECORDED THIS 24th DAY OF JULY, 2007, AT THE
CLERK'S OFFICE OF THE COUNTY OF RIVERSIDE, CALIFORNIA.
BY: _____

FILE NO. _____
LARRY W. AND RIVERIDE COUNTY REGISTER-CLERK RECORDER

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED
BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-1
NEWPORT / I-215 INTERCHANGE 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 _____, 2007.
BY ITS RESOLUTION NO. _____

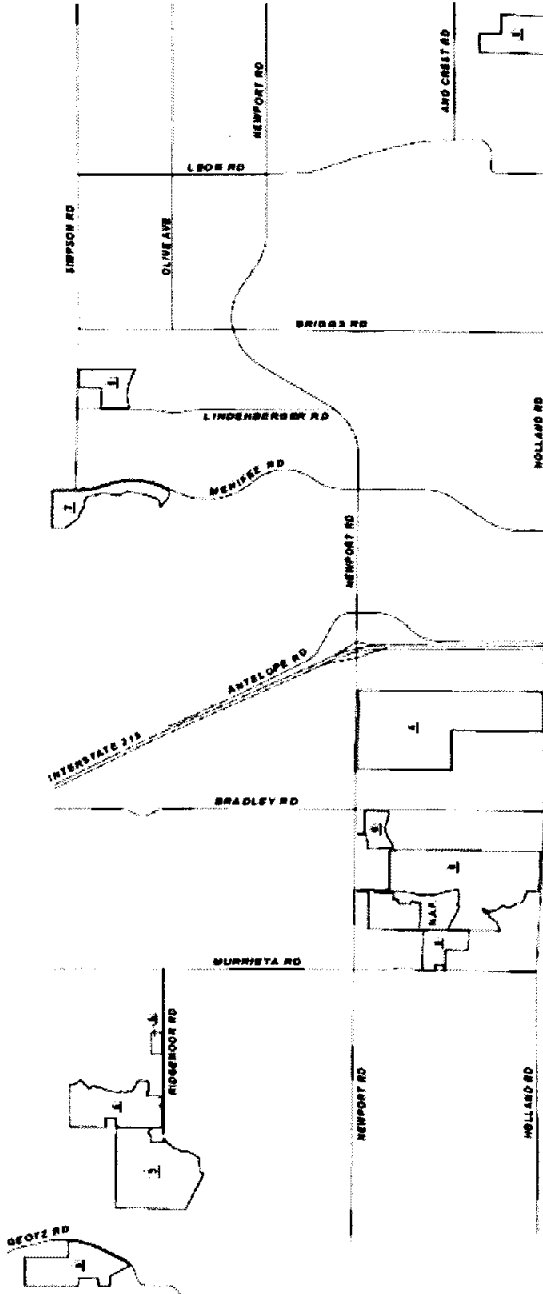
CLERK OF THE BOARD OF SUPERVISORS

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: _____ DISTRICT BOUNDARY
X SHEET NUMBER



NOT TO SCALE



 THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF
 THE COMMUNITY FACILITIES DISTRICT NO. 07-1 INTERCHANGE
 OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.
 COUNTY REGISTER-CLERK RECORDER

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) 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 _____, 2007, BY ITS RESOLUTION NO. _____

RECORDED THIS _____ DAY OF _____, 2007 AT THE HOUR OF _____ O'CLOCK _____ 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.

FEE: _____ NO: _____
LARRY W. TWARD, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

CLERK OF THE BOARD OF SUPERVISORS

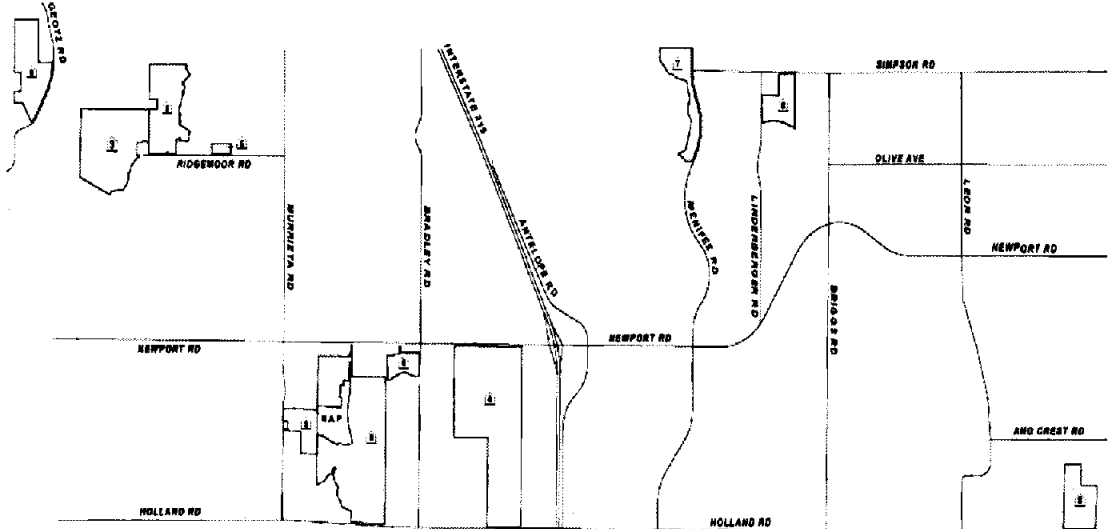
FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS _____ DAY OF _____, 2007.

CLERK OF THE BOARD OF SUPERVISORS

SHEET INDEX MAP

LEGEND
— DISTRICT BOUNDARY
X SHEET NUMBER

BY _____ DEPUTY



ALBERT A. WEBB
A. S. & C. L. L. S.
PLANNING PROFESSIONALS

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 2007-2008.

NOT TO SCALE



M.C. 09-2397

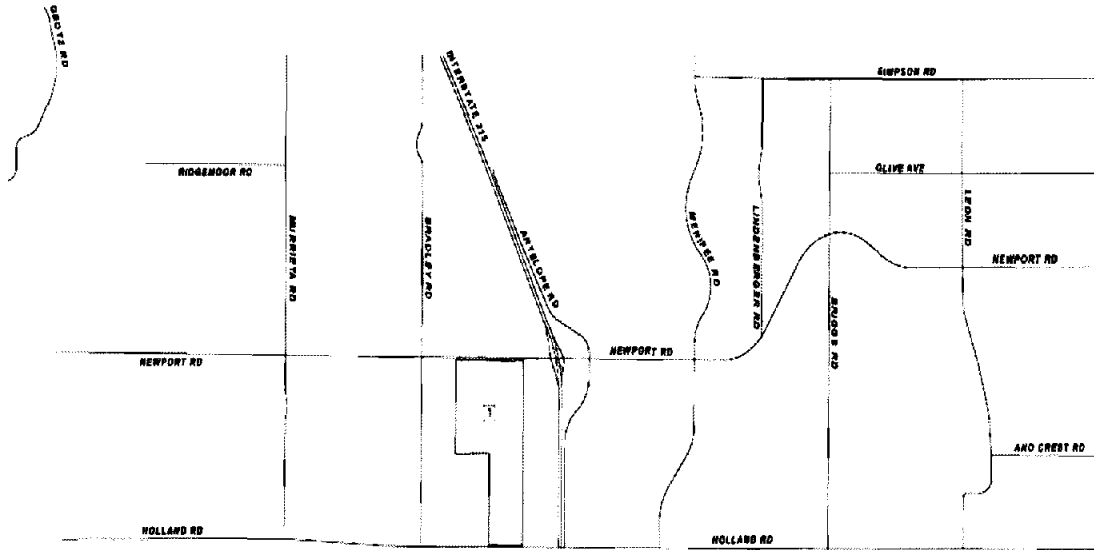
PROPOSED BOUNDARY MAP

SHEET 2 OF 5

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

IMPROVEMENT AREA NO. 1

LEGEND
—— DISTRICT BOUNDARY
X IMPROVEMENT AREA NUMBER



ALBERT A
WEBB
A.S.E.C. ALLS
ENGINEERS/ARCHITECTS

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 2007-08.

NOT TO SCALE

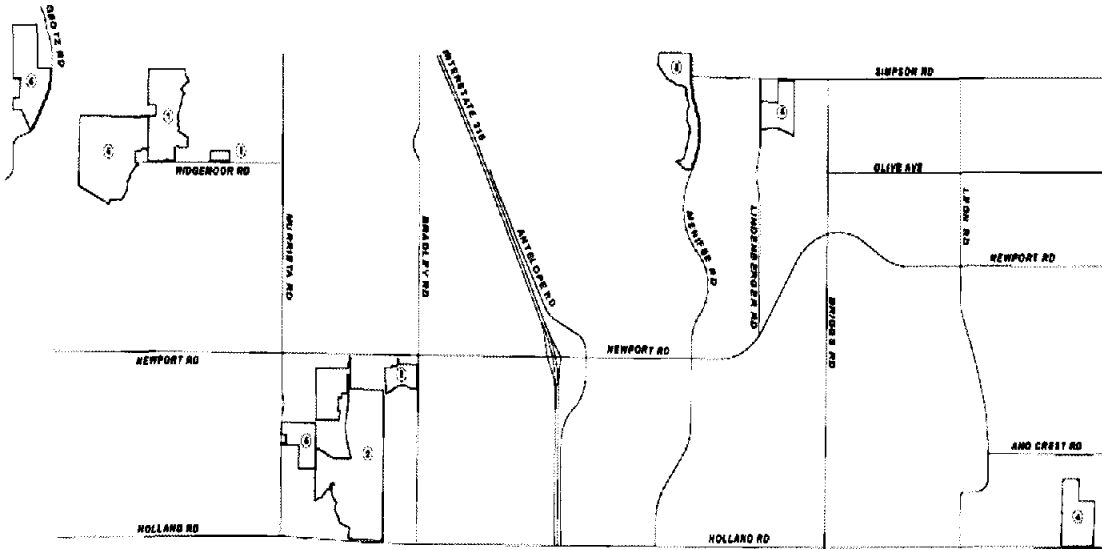


W.C. 00-0307

PROPOSED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2
TAX ZONE INDEX MAP

LEGEND
--- DISTRICT BOUNDARY
X TAX ZONE NUMBER



ALBERT A
WEBB
ASSESSORS
COUNTY OF RIVERSIDE, CALIF.

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 2007-2008.

NOT TO SCALE

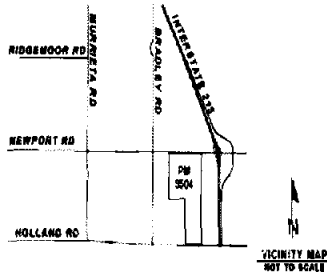


W.D. 08-2337

PROPOSED BOUNDARY MAP

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

IMPROVEMENT AREA NO. 1



LEGEND

—————	TRACT BOUNDARY
—————	PARCEL LINE
XXXXXXXXXX-X	APA
TR XXXXX	TRACT MAP

PM 9504

NEWPORT RD	
30000001-0	30000005-4
30000002-1	30000006-5
30000003-2	30000007-6
30000004-3	30000008-7
30000009-8	30010001-2
	30010002-3
	30010003-4
	30010004-5

HOLLAND RD

ALBERT A. WEBB
A.S.D.C. A.T.C.S.
CIVIL ENGINEER

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 2007/2008.

NOT TO SCALE

W.C. 06-0397

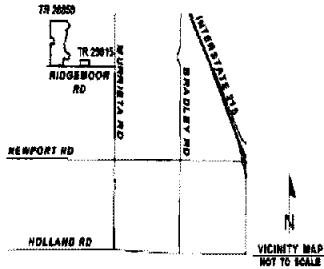
PROPOSED BOUNDARY MAP

SHEET 5 OF 9

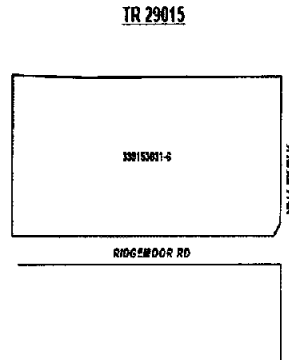
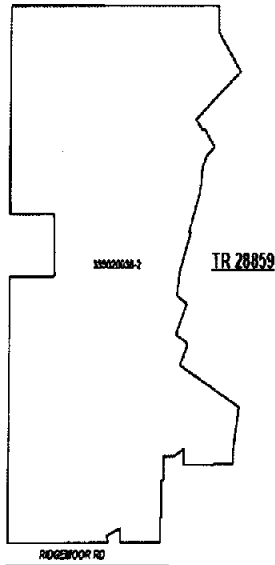
**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

IMPROVEMENT AREA NO. 2

TAX_ZONE 1

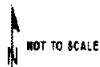


- LEGEND**
- TRACT BOUNDARY
 - PARCEL LINE
 - XXXXXXXXXX-APN
 - TR XXXXX TRACT MAP



ALBERT A. WEBB
ASSOCIATES
PLANNING ARCHITECTS

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 2007-2008



M.C. 05-0107

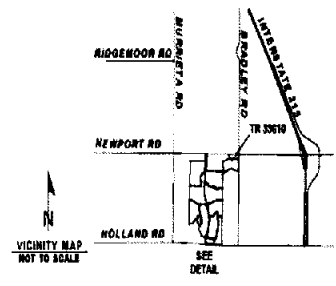
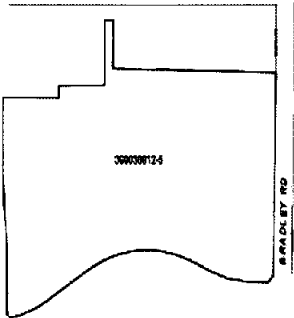
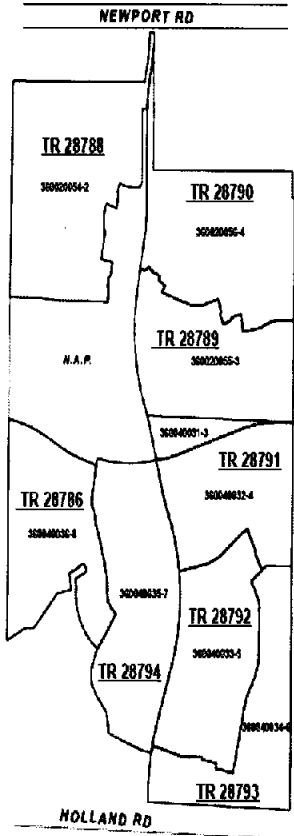
PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

TAX ZONE 2

TR 33610



- LEGEND
- TRACT BOUNDARY
 - PARCEL LINE
 - XXXXXXXXXX APN
 - TR XXXXX TRACTMAP

ALBERT A
WEBB
ASSOCIATES
ENGINEERS ARCHITECTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND COMPARISONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSORS MAPS FOR FISCAL YEAR 2007-2008

NOT TO SCALE

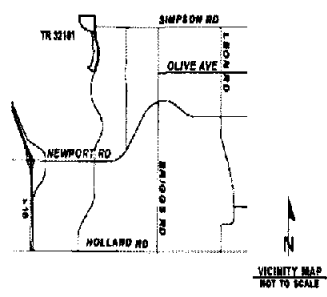
W.C. 05-0187

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

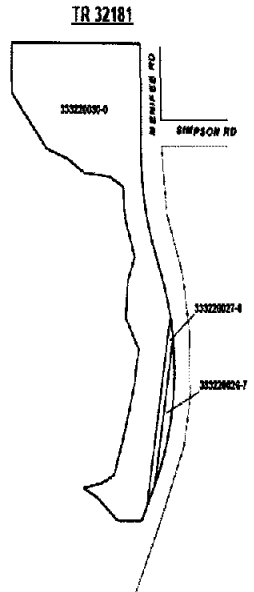
IMPROVEMENT AREA NO. 2

TAX ZONE 3



LEGEND

—————	TRACT BOUNDARY
—————	PARCEL LINE
XXXXXXXXXX-X	APN
TR XXXXX	TRACT MAP



ALBERT A
WEBB
ASSOCIATES
PLANNERS/ENGINEERS

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 2007-2008.

NOT TO SCALE

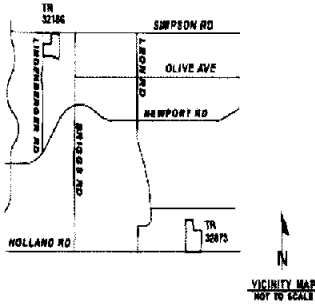
W.G. 06-03-07

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

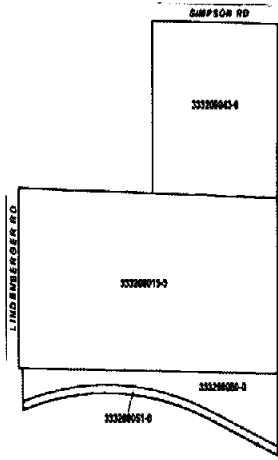
IMPROVEMENT AREA NO. 2

TAX ZONE 4

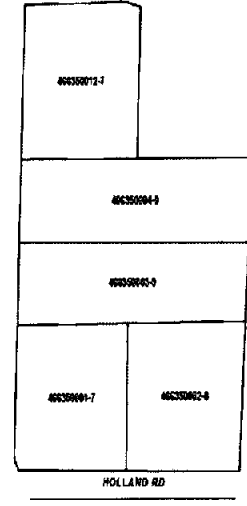


- LEGEND
- TRACT BOUNDARY
 - PARCEL LINE
 - XXXXXXXXXX-X API
 - TR XXXXX TRACT MAP

TR 32186



TR 32873



ALBERT A. WEBB
A.S.S. & C. 1911 F.S.
ENGINEERS & ARCHITECTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT FOR DETAILS CONCERNING THE LOTS AND COMPARADON OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSMENT MAPS FOR FISCAL YEAR 2007-2008

NOT TO SCALE

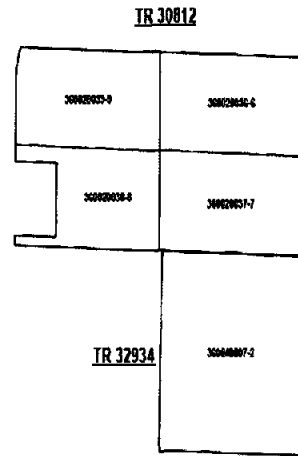
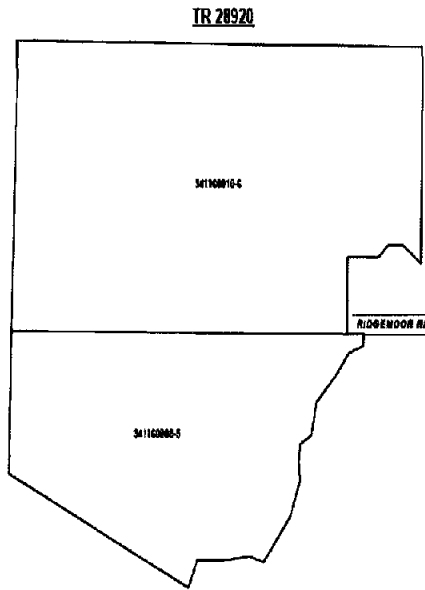
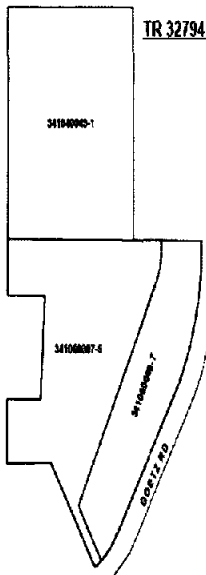
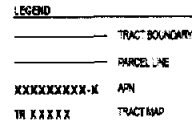
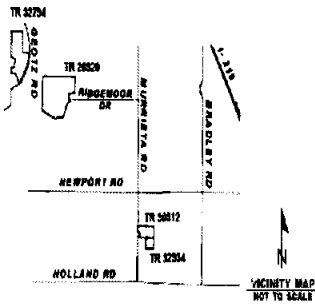
H.O. 06-0187

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

TAX ZONE 5



ALBERT A
WEBB
A.S.D. & ASSOCIATES
PLANNERS & ENGINEERS

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 2007-2008.

NOT TO SCALE

M.D. 06-03-07

ATTACHMENT "D"

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) 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 in Improvement Area No.2 "IA No.2" within the boundaries of Community Facilities District No. 07-1 (Newport / I-215 Interchange) of the County of Riverside. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2008-2009, 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 IA No.2, 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 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 IA No. 2 as determined by the Administrator to be chargeable or allocable to the IA No. 2 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; all trustee/fiscal agent expenses and fees; the cost of rebate compliance calculation, initiating or defending any litigation involving the IA No. 2, continuing disclosure undertakings of the IA No. 2 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 IA No. 2 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 IA No. 2 by the Legislative Body and which Taxable Property is depicted within the boundaries of the map attached hereto as Exhibit B.

"Approved Property" means, for each Fiscal Year, all Parcel(s), lot(s) or units(s) of Taxable Property not classified as Taxable Public Property, Taxable Property Owners' Association Property or Taxable Non-Residential 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 for each Fiscal Year, the official map(s) of the Assessor of the County designating each Parcel by an Assessor’s 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 2008-2009, \$35,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Assumed Administrative Expenses on each July 1, from and including the first July 1 after Bonds have been issued 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 Sections C. 1. b. and C. 2. b., below.

“Bonds” means any bonds or other debt (as defined in the Act), whether issued in one or more series, secured only by the levy of Special Taxes on Assessor’s Parcels in IA No. 2.

“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. 07-1 (Newport / I-215 Interchange) of the County of Riverside established pursuant to the Act and identified by the CFD Boundary Map attached as Exhibit A.

“CFD Boundary Map” means the map recorded at CFD formation, and attached hereto as Exhibit A.

“Cost of the Facilities” means the calculation of the cost of the Facilities to be constructed together with amounts needed to pay for 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, all Parcel(s), lot(s) or unit(s) of Taxable Property not classified as Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential 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 said Fiscal Year.

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

“Facilities” means the improvements identified in the Menifee Valley Road and Bridge Benefit District, specifically the widening of the interchange at Interstate 215 and Newport 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, bringing into conformance said facility with the provisions of the Menifee Valley Road and Bridge Benefit District, as amended from time to time.

“Final Map” means a recorded final map, parcel map, approved plot plan 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, 2008.

“Improvement Area No. 2” or **“IA No. 2”** means Improvement Area No. 2 of Community Facilities District No. 07-1 (Newport/I-215 Interchange) of the County, the boundaries of which are identified on the boundary map for the CFD, attached hereto as Exhibit A.

“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 2, below.

“Legislative Body” means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of IA No. 2.

“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.

“Menifee Valley Road and Bridge Benefit District” means the Road and Bridge Benefit District established by the Board of Supervisors of the County of Riverside for the purpose of defraying the cost of road and bridge improvements to the established area of benefit.

“Multifamily Property” means, for each Fiscal Year, any Parcel, lot or unit of Residential Property, other than Single Family Property identified within the boundaries of IA No. 2 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, any Developed Property and Approved Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property uses and Residential Property uses), 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 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 of Developed Property and Approved Property for which a Building Permit can or has been 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, an individual legal lot within the boundary of IA No. 2 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 such 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 such 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 such 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 such 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 such 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 such Parcels of Taxable Public Property.

“Public Property” means, for each Fiscal Year, any Parcel within the boundary of IA No. 2 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.

“Residential Dwelling Unit” or “RDU” 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 which shall be classified as Non-Residential Property.

“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 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 RDUs can or has been issued, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, any Parcel, lot or unit of Residential Property, other than Multifamily Property identified within the boundaries of IA No. 2 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, (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 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 Outstanding Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

“Tax Zone(s)” means Tax Zone 1, Tax Zone 2, Tax Zone 3, Tax Zone 4, and Tax Zone 5 of IA No. 2.

“Tax Zone 1” means the specific area identified on the CFD Boundary Map as Improvement Area No. 2 Tax Zone 1.

“Tax Zone 2” means the specific area identified on the CFD Boundary Map as Improvement Area No. 2 Tax Zone 2.

“Tax Zone 3” means the specific area identified on the CFD Boundary Map as Improvement Area No. 2 Tax Zone 3.

“Tax Zone 4” means the specific area identified on the CFD Boundary Map as Improvement Area No. 2 Tax Zone 4.

“Tax Zone 5” means the specific area identified on the CFD Boundary Map as Improvement Area No. 2 Tax Zone 5.

“Taxable Non-Residential Property” means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to Section E.

“Taxable Property” means, for each Fiscal Year, all Parcels in IA No. 2 which are not Exempt Property pursuant to Section E.

“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.

“Taxable Public Property” means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to Section E.

“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.

If Parcels are annexed into IA No. 2, the Legislative Body shall adopt annexation maps to reflect the inclusion of the Annexed Property and assignment to or establishment of an appropriate Tax Zone.

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

1. Developed Property

a. Assigned Special Tax

Upon determination that a Parcel of Taxable Property is Developed 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 amount per RDU stated in Land Use Category 1 of Table 2 for each applicable Tax Zone per Parcel, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the amount per RDU stated in Land Use Category 3 of Table 2 for each applicable Tax Zone times the number of RDU(s) of the Parcel as shown on the Final Map.

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.

Notwithstanding the foregoing, (i) if the number of RDU(s) of Single Family Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for each RDU(s) 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(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the number of RDU(s) 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 RDU(s) of Multifamily Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup

Special Tax shall be recalculated for the RDU(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the revised number of RDU(s) of Multifamily Property within such changed or modified area after the change or modification in the Final Map. For purposes of determining the modified Backup Special Tax, calculate as provided by the following formula:

$$\begin{aligned} \text{ABST} &= \text{RDU}_1 \times \text{AST} \\ \text{MBST} &= \text{ABST} \div \text{RDU}_2 \end{aligned}$$

These terms have the following meaning:

- ABST = the original aggregate Backup Special Tax
- RDU₁ = the original RDU(s) for a specific Final Map listed in Table 1
- AST = the Assigned Special Tax listed in Table 2
- RDU₂ = the modified RDU(s) for a specific Final Map from that listed in Table 1
- MBST = the modified Backup Special Tax per RDU

For a Parcel that is not changed or modified from the proposed RDU(s) listed in Table 1 below in a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

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 amount per RDU stated in Land Use Category 2 of Table 2 for each applicable Tax Zone, per Parcel, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the amount per RDU stated in Land Use Category 4 of Table 2 for each applicable Tax Zone, times the number of RDU(s) of the Parcel as shown on the Final Map.

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.

Notwithstanding the foregoing, (i) if the number of RDU(s) of Single Family Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for the RDU(s) 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(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the number of RDU(s) 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 RDU(s) of Multifamily Property in a specific Final Map or the proposed number of RDU(s) identified in Table 1 below is subsequently changed or modified from the corresponding number listed in Table 1, then the Backup Special Tax shall be recalculated for each RDU(s) 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 allocable share of the proposed number of RDU(s) identified in Table 1 below divided by the revised number of RDU(s) of Multifamily Property within such changed or modified area after the change or modification in the Final Map. For purposes of determining the modified Backup Special Tax, calculate as provided by the following formula:

$$\begin{aligned} \text{ABST} &= \text{RDU}_1 \times \text{AST} \\ \text{MBST} &= \text{ABST} \div \text{RDU}_2 \end{aligned}$$

These terms have the following meaning:

ABST = the original Aggregate Backup Special Tax

RDU₁ = the original RDU(s) for a specific Final Map listed in Table 1

AST = the Assigned Special Tax listed in Table 2

RDU₂ = the modified RDU(s) for a specific Final Map from that listed in Table 1

MBST = the modified Backup Special Tax per RDU

For a Parcel that is not changed or modified from the proposed RDU(s) list in Table 1 below to a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

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

Maximum Special Tax

The Maximum Special Tax for each Parcel of Undeveloped Property is the amount per Acre stated in Land Use Category 5 of Table 2 for each applicable Tax Zone times the Acreage of the Parcel. The Maximum Special tax for each parcel of Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is the amount per Acre stated in Land Use Category 5 and 6 of Table 2 for each applicable Tax Zone, times the Acreage of the Parcel.

TABLE 1

Proposed RDU(s) per Final Map

<i>Final Map</i>	<i>Single Family RDU(s)</i>	<i>Multifamily RDU(s)</i>
TR 28786	72	
TR 28788	123	
TR 28789	131	
TR 28790	156	
TR 28791	80	
TR 28792	85	
TR 28793	77	
TR 28794	65	
TR 28859	163	
TR 28920	20	
TR 29015	18	
TR 30812	29	
TR 32181	52	
TR 32186	108	
TR 32794	159	
TR 32873	144	
TR 32934	15	
TR 33610	0	210
Total	1,497	210

4. Multiple Land Use Property

In some instances a Parcel of Developed Property or Approved Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on the Residential Property portion of such a Parcel shall be the sum of the Assigned Special Tax levies for the applicable Residential Property Land Use Category on that Parcel. The Maximum Special Tax levied on the Residential Property portion of a Parcel shall be the Maximum Special Tax levy that can be imposed on the applicable Residential Property 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 or Approved Property under such circumstances, the Acreage assigned to the Residential Land Use Category shall be based on the proportion of Residential Floor Area and Non-Residential Floor Area that is built for each Land Use Category as compared with the sum of Residential Floor Area and

Non-Residential Floor Area that is built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

TABLE 2

Assigned Special Taxes

<i>Land Use Category</i>	<i>Taxable RDU/Acre</i>	<i>Tax Zone 1</i>	<i>Tax Zone 2</i>	<i>Tax Zone 3</i>	<i>Tax Zone 4</i>	<i>Tax Zone 5</i>
1 – Developed Single Family Property	RDU	\$1,201	\$1,453	\$1,047	\$1,263	\$1,030
2 – Approved Single Family Property	RDU	\$1,201	\$1,453	\$1,047	\$1,263	\$1,030
3 – Developed Multifamily Property	RDU	\$895	\$1,147	\$740	\$956	\$723
4 – Approved Multifamily Property	RDU	\$895	\$1,147	\$740	\$956	\$723
5 – Undeveloped Property	Acre	\$4,224	\$9,844	\$5,148	\$7,826	\$3,902
6 – Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property	Acre	\$4,224	\$9,844	\$5,148	\$7,826	\$3,902

For each Fiscal Year following Fiscal Year 2008-2009, beginning with the Fiscal Year following the Fiscal Year in which Bonds are first issued, 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.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2008-2009 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 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 Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of IA No. 2 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 on up to the number of Acres listed in the Table 3 for properties of Public Property and Property Owner's Association Property within each Tax Zone of IA No. 2. The District shall classify Parcels of Public Property, Property Owners' Association Property or Non-Residential Property within IA No. 2 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 as Exempt Property, provided that no such classification would cause the sum of all Exempt Acres with each Tax Zone to be more than the Acres to be Exempt as set forth in Table 3.

TABLE 3

Exempt Acres

<i>Tax Zone</i>	<i>Acres to be Exempt</i>
Tax Zone 1	25.40
Tax Zone 2	65.54
Tax Zone 3	29.58
Tax Zone 4	34.39
Tax Zone 5	144.48

After the limit of Exempt Acres listed in Table 3 within each Tax Zone of IA No. 2 has been reached, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property and/or Non-residential Property may be prepaid at the Maximum Special Tax obligation calculated 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 Table 3 above, or as modified for the appropriate Tax Zone being annexed into 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 IA No. 2 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 twelve (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, Approved Property, Undeveloped Property for which a Building Permit has been issued, 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 Assumed 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 fifteen (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 IA NO. 2 in calculating the Prepayment Amount (as defined below) for the Parcel. Within fifteen (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 sixty (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 Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities.

The prepayment before Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities, as determined by the Administrator, 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 the estimated Assumed Administrative Expenses. The IA No. 2 shall not be obligated to redeem Bonds, but may apply the Prepayment Amount and Bond Redemption Amount towards the Cost of the Facilities, subject to the terms of the Indenture.

With respect to any Parcel for which the Special Tax obligation is prepaid in full, 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 Bonds have been issued in a sufficient amount to finance the full Cost of the Facilities.

The Prepayment Amount (defined below) after the full Cost of the Facilities, as determined by the Administrator, 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 or Approved 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 Permits which has been issued 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 IA No. 2.
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, the Redemption Premium, and the amount derived pursuant to paragraph 6 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 Cost of the Facilities. The Administrative Fees and Assumed Administrative Expenses shall be retained by the IA No. 2.

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 in full, 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**

The Maximum Special Tax on a Parcel of Developed Property or Approved Property may be partially prepaid in increments of \$5,000. For purposes of determining the partial prepayment amount, the provisions of Sections 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 the first paragraph of H.1. or Paragraph 13 of Section H.2., as applicable, and (ii) indicate in the records of the IA No. 2 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 payment of all debt service due on the final series of Bonds, whichever is sooner.

EXHIBIT A

BOUNDARY MAP

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)**

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

RECORDED THIS _____ DAY OF _____, 2007, AT THE
HOURS OF _____ O'CLOCK _____ M. IN BOOK _____ PAGES;
MAPS OF ASSIGNMENT AND COMMUNITY FACILITIES DISTRICTS, IN THE
OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA.

FILE NO: _____
LARRY W. WARD, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

BY _____ DEPUTY

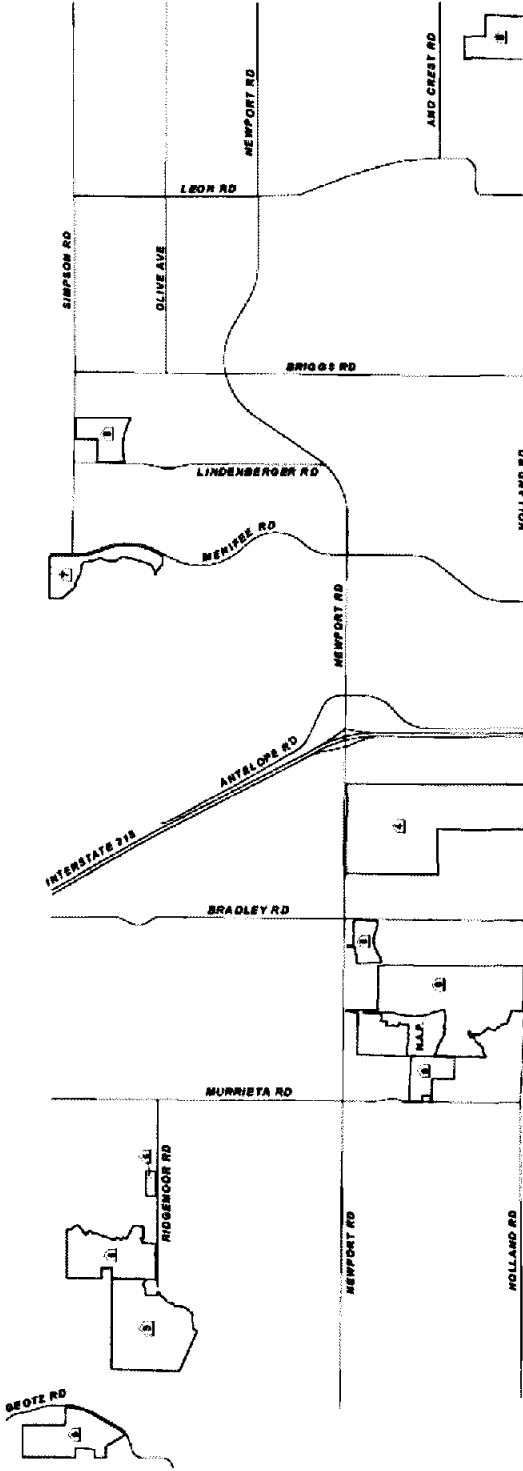
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED
BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE) OF THE COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY
BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF,
HELD ON THE _____ DAY OF _____, 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: _____ DISTRICT BOUNDARY
_____ SHEET NUMBER



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
A.S.S.C. A.L.L.S. COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2007-2008.



PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

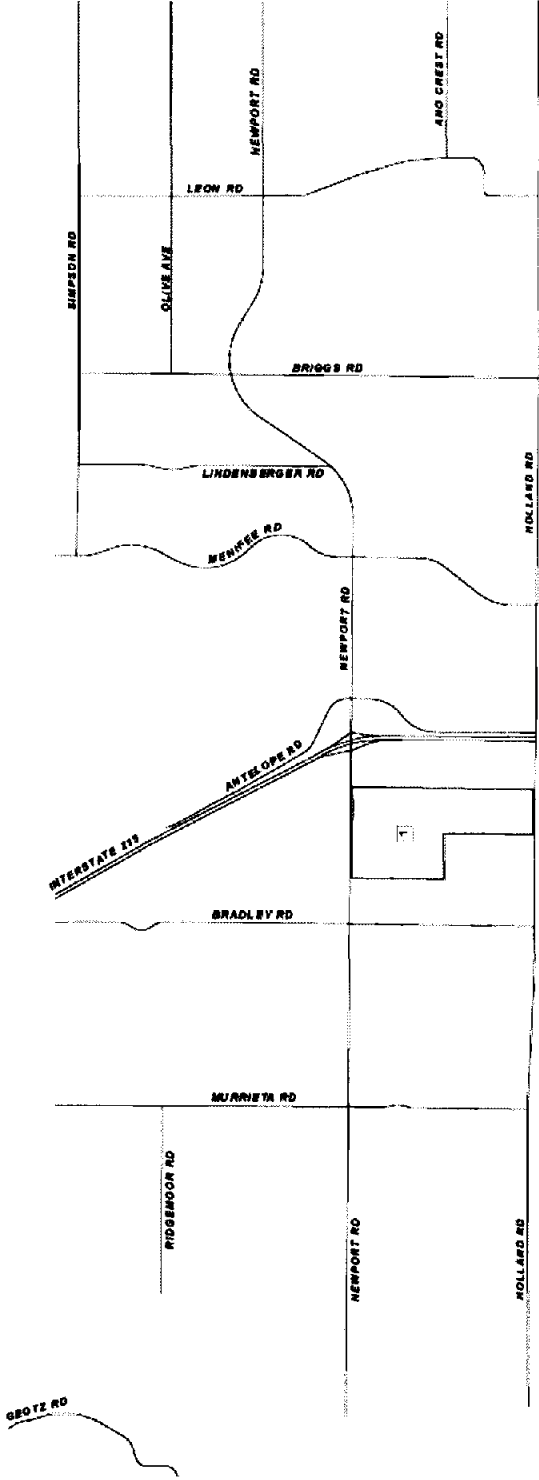
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 1

LEGEND

— DISTRICT BOUNDARY

— IMPROVEMENT AREA NUMBER



NOT TO SCALE

W D 09-2387

ALBERT A. WEBB
 CIVIL ENGINEER
 LICENSE NO. 10000
 COUNTY OF RIVERSIDE, CALIFORNIA

THIS BOUNDARY MAP CAREFULLY 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 2007-2008

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

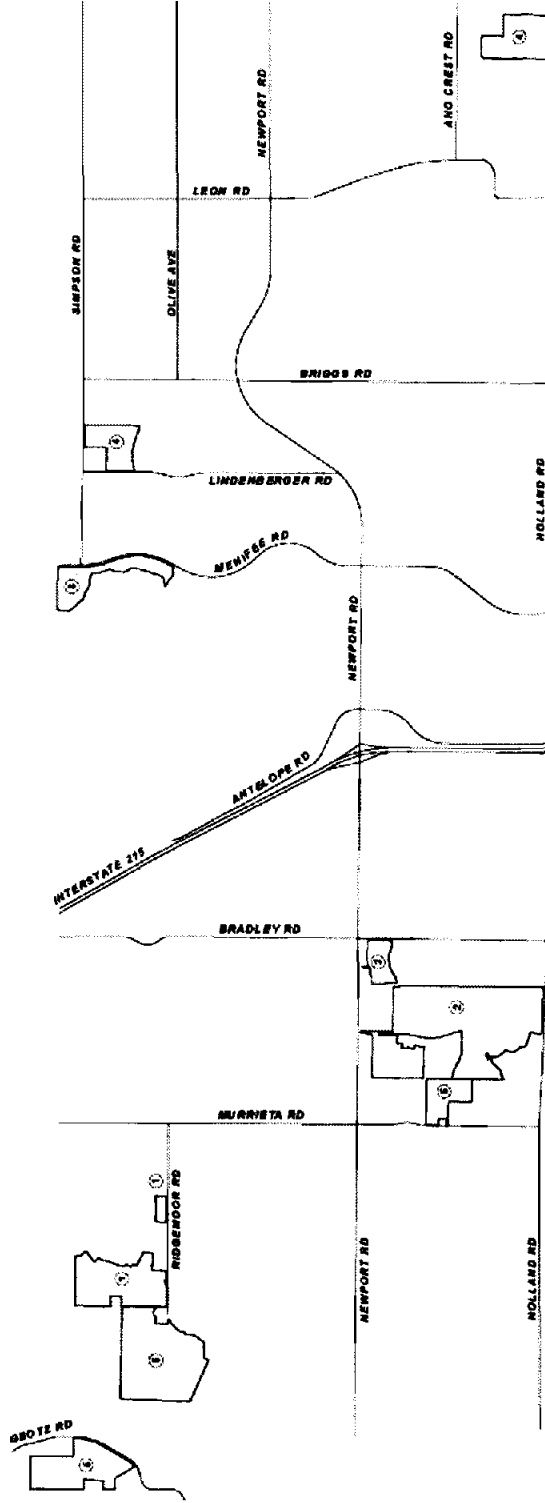
IMPROVEMENT AREA NO. 2

TAX ZONE INDEX MAP

LEGEND

— DUCT BOUNDARY

⊗ TAX ZONE NUMBER



NOT TO SCALE

THE SOLIDITY AND CORRECTNESS OF THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT AND THE CORRECTNESS OF THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFERRED TO IN THE COUNTY ASSESSORS' MAPS FOR FISCAL YEAR 2007-2008

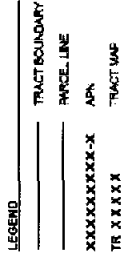
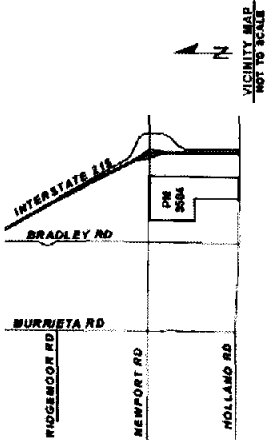


PROPOSED BOUNDARY MAP

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)**

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 1



PM 9504

NEWPORT RD	
30000001-0	30000005-4
30000002-1	30000006-5
30000003-2	30000007-6
30000004-3	30000008-7
30000005-8	30010001-2
	30010002-3
	30010001-4
	30010002-5
HOLLAND RD	



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT NO. 07-1 AND THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2007-2008



NOT TO SCALE

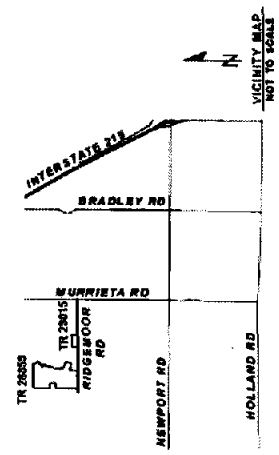
PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

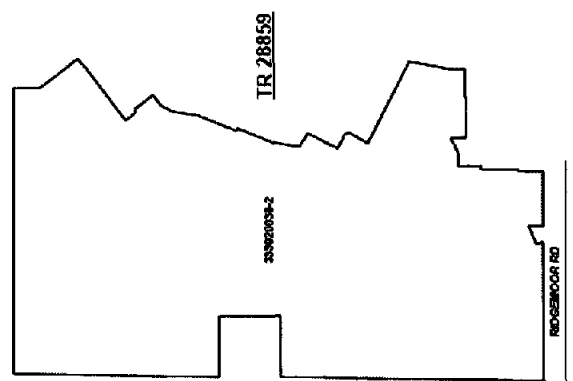
IMPROVEMENT AREA NO. 2

TAX_ZONE 1

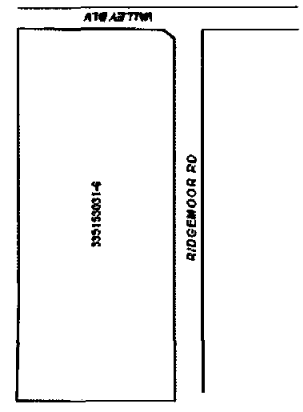


LEGEND

---	TRACT BOUNDARY
---	PARCEL LINE
XXXXXXXXXX-X	APN
TR XXXXX	TRACT MAP



IR 29015



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT FOR DETAILS CONCERNING THE COUNTY ASSESSORS MAPS FOR FISCAL YEAR 2007-2008

WEBB
ALBERT
ASSOCIATES
REGISTERED PROFESSIONAL SURVEYORS

NOT TO SCALE

N

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

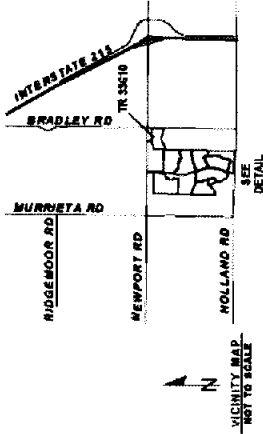
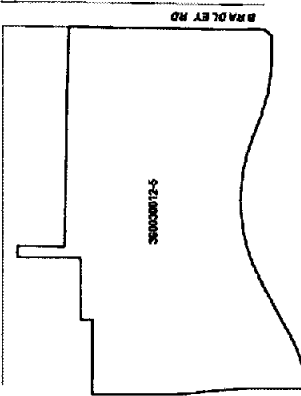
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

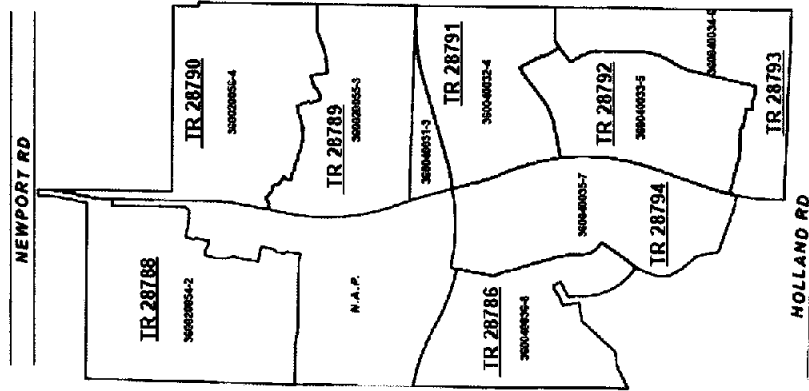
TAX ZONE 2

TR 33610

NEWPORT RD



- LEGEND
- TRACT BOUNDARY
 - PARCEL LINE
 - XXXXXXX-X AFN
 - TR XXXXX TRACT MAP



ALBERT A. WEBB
 F.L.S. & C. LAND SURVEYORS
 1000 N. G ST. RIVERSIDE, CALIF. 92507

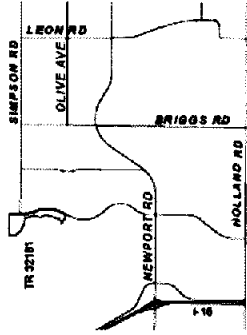
NOT TO SCALE

PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

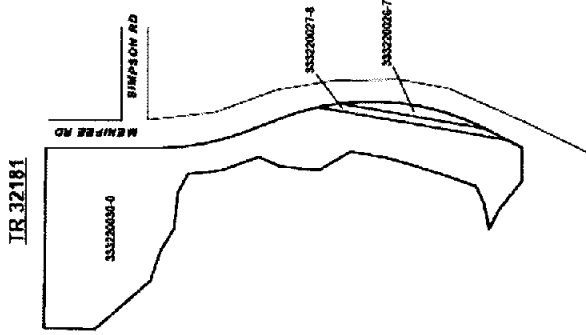
IMPROVEMENT AREA NO. 2

TAX ZONE 3



LEGEND

---	TRACT BOUNDARY
---	PARCEL LINE
XXXXXXXXXX-X	APN
TR XXXXX	TRACT MAP



WEBB
ALBERT
THE BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT NO. 07-1 AND THE IMPROVEMENT AREA NO. 2 AND TAX ZONE 3 TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2007-2008.

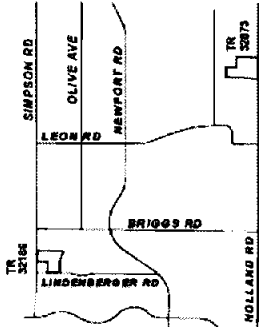
NOT TO SCALE
N

PROPOSED BOUNDARY MAP

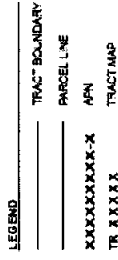
COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

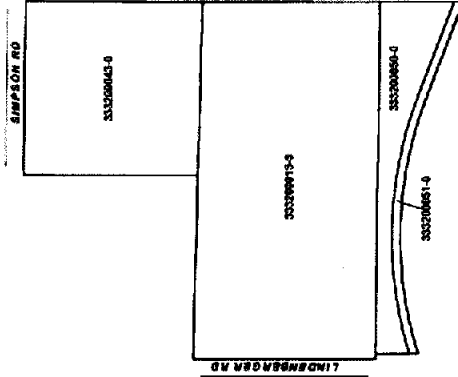
TAX ZONE 4



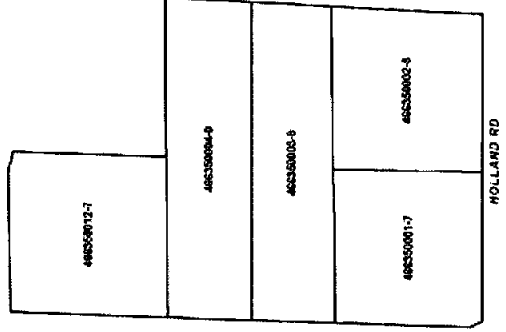
VICINITY MAP
NOT TO SCALE



TR 32186

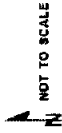


TR 32873



ALBERT WEBB ENGINEERS, INC.

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT FOR DETAILS CONCERNING THE IMPROVEMENTS AND DISTRICT MAPS TO THE COUNTY ENGINEERS MAPS FOR LOCAL YEAR 2011-2012.



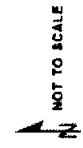
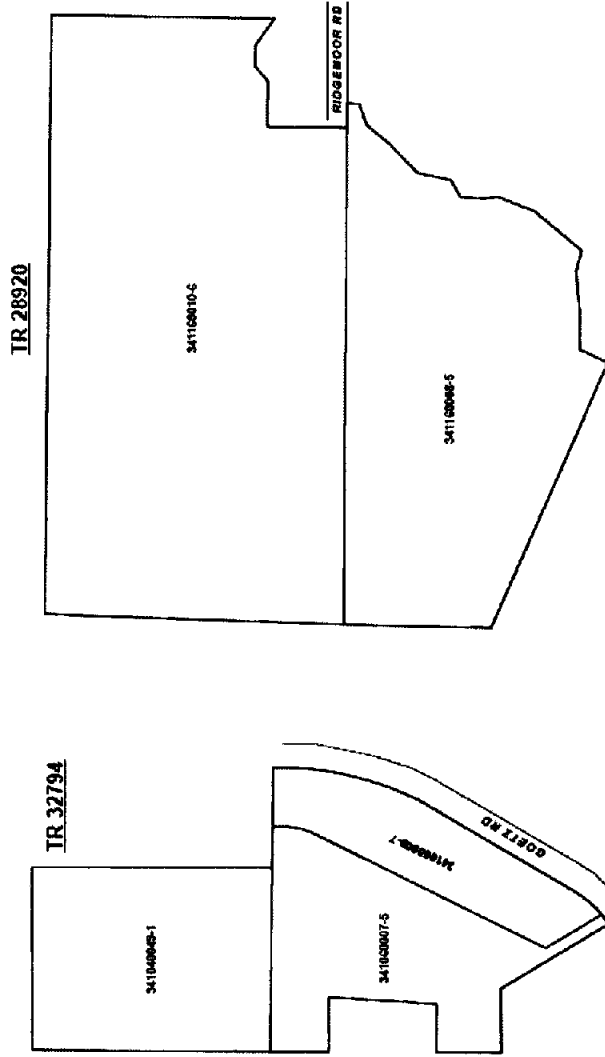
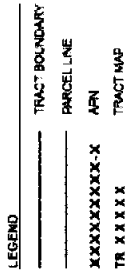
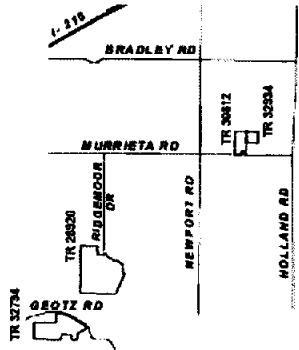
PROPOSED BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

TAX ZONE 5



ALBERT WEBB
ASSOCIATES, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 10000
1000 N. MICHIGAN AVE., SUITE 200
ANN ARBOR, MI 48106-1000
PH: 734.769.1100
WWW.ALBERTWEBB.COM

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 2007-2008.

EXHIBIT B

BOUNDARIES – POTENTIAL ANNEXATION AREA

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)**

BOUNDARIES - POTENTIAL ANNEXATION AREA

SHEET 1 OF 1 SHEET

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING POTENTIAL ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT NO. 07-1 (NEWPORT / I-215 INTERCHANGE) 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 _____, 2007, BY ITS RESOLUTION NO. _____

**COMMUNITY FACILITIES DISTRICT NO. 07-1
(NEWPORT / I-215 INTERCHANGE)
OF THE 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

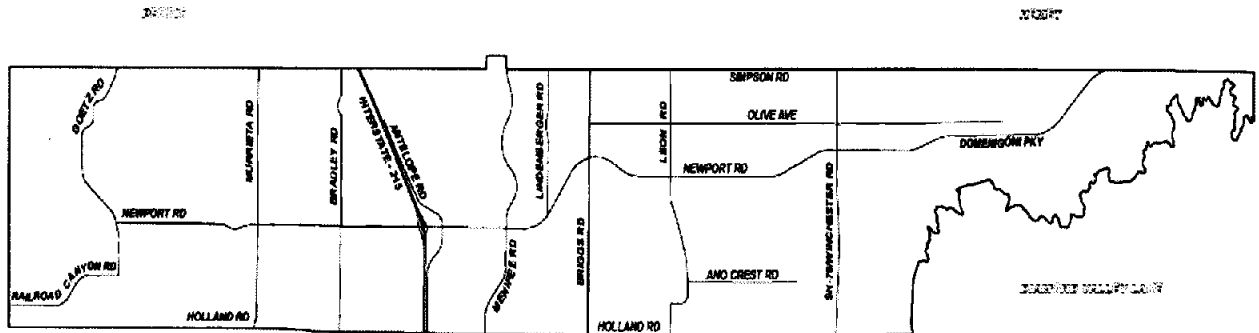
CLERK OF THE BOARD OF SUPERVISORS

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS _____ DAY OF _____, 2007.

BY _____
DEPUTY

CLERK OF THE BOARD OF SUPERVISORS

LEGEND
—— POTENTIAL ANNEXATION AREA



ALBERT A
WEBB
ASSOCIATES
INCORPORATED

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE POTENTIAL ANNEXATION AREA. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2007-2008.

NOT TO SCALE



W.C. 04-0397

2 **RESOLUTION NO. 2007-491**

3 **RESOLUTION OF INTENTION OF THE BOARD OF**
4 **SUPERVISORS OF THE COUNTY OF RIVERSIDE TO**
5 **INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT**
6 **TO EXCEED \$60,000,000 WITHIN PROPOSED**
7 **COMMUNITY FACILITIES DISTRICT NO. 07-1**
8 **(NEWPORT/I-215 INTERCHANGE) OF THE COUNTY OF**
9 **RIVERSIDE**

10 **Community Facilities District No. 07-1 (Newport/I-215 Interchange)**

11 **WHEREAS**, the Board of Supervisors of the County of Riverside (the "Board of
12 Supervisors") upon receipt of a petition as provided in Section 53318 of the Government Code of
13 the State of California instituted proceedings to form Community Facilities District No. 07-1
14 (Newport/I-215 Interchange) of the County of Riverside (the "Community Facilities District No.
15 07-1" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982 (the
16 "Act"), as amended, pursuant to Resolution No. 2007-490 adopted by the Board of Supervisors
17 on the date hereof to finance (1) the purchase, construction, modification, expansion,
18 improvement or rehabilitation of public facilities identified in Attachment "A" hereto and
19 incorporated herein by this reference, including all furnishings, equipment and supplies related
20 thereto (collectively, the "Facilities"); and (2) the incidental expenses to be incurred in financing
21 the Facilities and forming and administering the District (the "Incidental Expenses"); and

22 **WHEREAS**, the Board of Supervisors estimates that the amount required to finance the
23 Facilities and Incidental Expenses is approximately \$60,000,000; and

24 **WHEREAS**, in order to finance the Facilities and Incidental Expenses, the Board of
25 Supervisors intends to authorize the issuance of bonds in the maximum aggregate principal
26 amount of \$60,000,000, the repayment of which is to be secured by special taxes levied in
27 accordance with Section 53328 of the Act on all property in the proposed Community Facilities
28 District No. 07-1, other than those properties exempted from taxation in the rate and method of
apportionment set forth in Attachment "C" to Resolution No. 2007-490;

///

1 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
2 **RIVERSIDE**, in regular session assembled on November 27, 2007, does hereby resolve, find,
3 determine and order as follows:

4 **Section 1.** The above recitals are true and correct.

5 **Section 2.** It is necessary to incur bonded indebtedness within the boundaries of
6 proposed Community Facilities District No. 07-1 in an amount not to exceed \$60,000,000 to
7 finance the costs of the Facilities and Incidental Expenses, as permitted by the Act.

8 **Section 3.** The indebtedness will be incurred for the purpose of financing the costs of
9 the Facilities and the Incidental Expenses, including, but not limited to, the funding of reserve
10 funds for the bonds, the financing of costs associated with the issuance of the bonds and all other
11 costs and expenses necessary to finance the Facilities which are permitted to be financed
12 pursuant to the Act.

13 **Section 4.** It is the intent of the Board of Supervisors to authorize the sale of bonds in
14 one or more series, in the maximum aggregate principal amount of \$60,000,000 and at a
15 maximum interest rate not in excess of 12 percent per annum, or a higher rate not in excess of the
16 maximum rate permitted by law at the time that the bonds are issued. The term of the bonds of
17 each series shall be determined pursuant to a resolution of this Board of Supervisors acting in its
18 capacity as the legislative body of the District authorizing the issuance of the bonds of such
19 series, but such term shall in no event exceed 40 years from the date of issuance of the bonds of
20 such series, or such longer term as is then permitted by law.

21 **Section 5.** A public hearing (the "Hearing") on the proposed debt issue shall be held
22 at 9:30 a.m. or as soon thereafter as practicable, on January 8, 2008, at the Board of Supervisors
23 Chambers, 4080 Lemon Street, 1st Floor, Riverside, California.

24 **Section 6.** At the time and place set forth in this Resolution for the Hearing, any
25 interested persons, including all persons owning land or registered to vote within proposed
26 Community Facilities District No. 07-1 or the territory proposed to be annexed thereto, may
27 appear and be heard.

28 **Section 7.** The Clerk to the Board is hereby directed to publish a notice (the

1 "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of
2 general circulation published in the area of the proposed Community Facilities District No. 07-1
3 and the territory proposed to be annexed thereto. Such publication shall be completed at least
4 seven days prior to the date of the Hearing. The Clerk to the Board is further directed to mail a
5 copy of the Notice to each of the landowners within the proposed boundaries of proposed
6 Community Facilities District No. 07-1 at least 15 days prior to the Hearing.

7 ADOPTED, SIGNED AND APPROVED this 27th day of November, 2007, by the Board
8 of Supervisors of the County of Riverside.

9
10
11 _____
Chairman of the Board of Supervisors

12 ATTEST:
13 Nancy Romero
14 Clerk to the Board of Supervisors

15 By: _____
16 Deputy

17
18
19 FORM APPROVED COUNTY COUNSEL
20 BY: Dale A. Gardner 11/19/07
DALE A. GARDNER DATE

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

4 I, Nancy Romero, Clerk to the Board of Supervisors of Riverside County, California,
hereby certify that the above and foregoing Resolution was duly and regularly adopted by said
5 Board at a regular meeting thereof held on the 27th day of November, 2007 and passed by the
following vote of said Board.
6

7 Ayes:
8 Noes:
9 Abstain:
10 Absent:

11 IN WITNESS WHEREOF, I have hereunto set my hand and seal this ____ day of
12 _____, 2007.

13
14 _____
Clerk to the Board of Supervisors of Riverside
County, California
15
16
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28

ATTACHMENT "A"

FACILITIES LIST

Facilities:

The Facilities proposed to be financed are the improvements identified in the Menifee Valley Road and Bridge Benefit District, specifically the widening of the interchange at Interstate 215 and Newport 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, bringing into conformance said facility with the Menifee Valley Road and Bridge Benefit District, 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 financed, 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 Community Facilities District No. 07-1, 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 Community Facilities District No. 07-1.